

JPRS 83703

17 June 1983

China Report

ECONOMIC AFFAIRS

No. 351

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

17 June 1983

CHINA REPORT ECONOMIC AFFAIRS

No. 351

CONTENTS

NATIONAL POLICY AND ISSUES

- Importance, Functions of Mandatory Planning Discussed
(Liu Fangyu, Xiang Jingquan; JINGJI KEXUE, No 4,
1982)..... 1
- Two Types of Economic Systems Compared
(Sang Bingyan; SHIJIE JINGJI, No 11, 1982)..... 11

AGGREGATE ECONOMIC DATA

- Tianjin's Report on Economic, Social Development
(TIANJIN RIBAO, 25 Apr 83)..... 21
- Beijing Issues 1982 Statistical Report
(BEIJING RIBAO, 14 May 83)..... 30
- 'NANFANG RIBAO' Carries Guangdong 1982 Plan Communique
(NANFANG RIBAO, 9 May 83)..... 40
- Jia Chongzhi Delivers Shanxi Sixth 5-Year Plan Report
(Jia Chongzhi; SHANXI RIBAO, 3 May 83)..... 52

ECONOMIC MANAGEMENT

- Centralization, Decentralization of Power Studied
(Li Zhisheng; JINGJI RIBAO, 31 Mar 83)..... 74

INDUSTRY

- Sale of Farm Machinery in 1982 Shows Increase Over 1981
(Zhou Yichang; YUNNAN RIBAO, 27 Feb 83)..... 80

Commentary on Recovery of Heavy Industries (Xu Yaozhong; YUNNAN RIBAO, 27 Feb 83).....	82
State Enterprises in Shanxi Adopt Contract System (Li Wenjin, et al.; SHANXI RIBAO, 8 Feb 83).....	84
Yantai Commune Enterprises Adopt Profit Contract System (DAZHONG RIBAO, 1 Apr 83).....	86
'Well-to-do' Peasants' Need for Motor Vehicles Reported (Zhang Shuhua, Dai Renjie; GONGRAN RIBAO, 22 Feb 83).....	89
FOREIGN TRADE	
Beginning of a New Phase in Foreign Economic Relations, Trade (Shi Lin; CAIMAO JINGJI, 11 Mar 83).....	90
LABOR AND WAGES	
Extracurricular Work Problems Aired (YUNNAN RIBAO, 11, 7 Feb 83).....	98
Extracurricular Job Squabble, by Ren Weiguo Commentary: 'Firmly Correct the Problems' Pay Dispute Settled in Worker's Favor, by Ren Weiguo	
'Marry a Miner' Program Reported Successful (Liu Yongzheng, Zhang Xiangwu; GONGREN RIBAO, 7 Mar 83).....	102
TRANSPORTATION	
Highway Passenger Transport Problems Analyzed (Xin Lu; LIAONING RIBAO, 31 Mar 83).....	103
Road Repair in Zhejiang Reported (Zhili, Feifei; ZHEJIANG RIBAO, 9 Jan 83).....	105
'RENMIN RIBAO' on New Railroads Planned (RENMIN RIBAO, 22 Mar 83).....	107
Jiefang Truck Modification for High Altitude Use Reported (Qin Yuhan; YUNNAN RIBAO, 9 Mar 83).....	108
Shanghai Container Dock Completed (Feng Yizhen; GANSU RIBAO, 16 Feb 83).....	110
Briefs New River Route	111

HONG KONG MEDIA ON CHINA

Balance of Sino-Japanese Trade Favors China for Two Con-
secutive Years

(WEN WEI PO, 19 Mar 83)..... 112

Japanese Merchants Actively Participate in Developing
Shenzhen Special Zone

(Cai Jianmin; WEN WEI PO, 22 Mar 83)..... 114

IMPORTANCE, FUNCTIONS OF MANDATORY PLANNING DISCUSSED

Beijing JINGJI KEXUE in Chinese No 4, 1982 pp 9-14, 35

[Article by Liu Fangyu [0491 2455 2771] and Xiang Jingquan [7309 6975 3123], the Economics Department of Beijing University: "Mandatory Planning in a Planned Economy"]

[Text] The term mandatory planning denotes the important targets controlled and issued directly by the state and the major economic projects which various units concerned must conscientiously implement and successfully complete. They have the binding force of law, and are the substance and the means by which a socialist state operates its planned economy.

The question whether mandatory planning is an essential regulatory vehicle in a socialist economy has been the dominant issue in the current discussions on reforming the system of economic management. Where does it stand in the reform of China's economic system? Should it be gradually cut back and phased out or expanded and strengthened? We offer our views for public discussion.

1. Clarification of Several Murky Concepts Which Deny the Need for Mandatory Planning

First, we must find out whether mandatory planning is the primary cause of China's faulty plannings in the past few decades. It is alleged that the mandatory form of planning is the cause of all kinds of mistakes in planning and that the mistakes due to "blind commands" would disappear once the "mandatory ingredient" is taken out of planning. We realize faulty plannings in the last 30 years have indeed arrested the unfolding of the superiority of planned economy. But this is due to our failure to comprehend that mandatory planning is not the exclusive means to run a planned economy in the initial stage of socialism where commodity economy still exists and where the planned mechanism and market mechanism are interrelated rather than mutually exclusive and antithetical. As a matter of fact, the mandatory policy objectives and the regulatory process in practice were by no means foolproof. The system of economic management was so centralized and so rigid that no subordinate department had any of the essential economic benefits or any independence in business operations. The whole situation was brought about by the erroneous "leftist" ideology which one-sidedly went after maximum

speed and maximum output without recognizing the commodity feature of the socialist economy. Bureaucratism and the will of command in planning work was due not so much to mandatory planning but to the incorrect ideological line of production leadership and the imperfection of the planned system. Consequently, the cure lies in eliminating subjectivism and blind commands in the "mandate" and improving the planning mechanism rather than doing away with what is "mandatory." In the past, all the mandatory regulations were made as sweeping as possible. That was a mistake. Now, it is alleged that the less mandatory planning the better. This is also a mistake. Instead of allowing one extreme replacing another extreme, we should uphold and improve mandatory planning if we are committed to a planned economy.

Second, we should find out whether the practice of mandatory planning is something we learned from the Soviet system of planning or derived from Marxist-Leninist teachings. It is alleged by some that since mandatory planning is a carbon copy of the Soviet system of management in the early 1950's which had many drawbacks, it should be abandoned altogether. We believe the Soviet system of planning and management in the early 1950's overemphasized mandatory planning to the extent of treating it as the only way to achieve a planned economy. But the interest in mandatory planning is not based entirely on the Soviet experience; it is rooted in Marxism-Leninism.

In the writings of the Marxist-Leninist leaders, planned regulation is regarded as the natural consequence of socialist production and public ownership, an antithesis to anarchism. This implies: (1) The application of conscious, predetermined, and direct regulation of social production and needs. We all know Lenin said: "A balance maintained by persistent and conscious efforts is in reality planning."¹ Before him, Marx and Engels also said: "The regulation, which plays a controlling role predeterminately in a planned manner over the internal division of labor in the factories" under private ownership, "operates in the factories only silently after the fact...."² Under the socialist system of public ownership, the workers "engage consciously in social labor,"³ and "regulate rationally the transformation of material out of nature which they place under common control to prevent it from becoming a blind force over them." They also "make production and exchange compatible with the social ownership of the means of production." "The way to realize it is for society to take open and direct possession of the production force which has developed to an extent that it is no longer amenable to any form of management other than that by society as a whole."⁴ The "scheduled planning," "conscious" and "predeterminate" labor and the "control" over the transformation of material, obviously "under the control of a blind force," are congruous with direct and planned utilization of the production force but set against readjustments "after the fact." (2) It takes mandatory enforcement by the administrative power of a unitary state organ to realize the predetermined objectives. Both Marx and Engels said emphatically that large-scale socialized production favors authoritative command. "All large-scale direct social labor or joint labor requires a certain degree of direction by an authority."⁵ "No matter what the social organization is, there must be authority and obedience to sustain the material conditions for the production and circulation of products."⁶ Lashing mercilessly at the "socialists" who opposed authority, Engels asked:

"Since all joint actions depend on organization, how can there be organization without authority?" "The automatic machines in a big factory are much more autocratic than the petty bourgeois employers. Insofar as factory time schedule is concerned, we might put up a sign on the door of a big factory: 'One who enters the door must forget his freedom.'"⁷ If we say all large-scale socialized production ought to obey the command of a central authority, the state which possesses the means of production is the obvious representative of the central authority which gives the command. Lenin said: "Socialism would be unthinkable if there were no state authority to make millions of people observe the standards and plans for the production and distribution of products."⁸ To realize a socialist planned economy, Lenin pointed out emphatically, the decisions of the state planning committee which "exercise a legislative function" "should have the force of law."⁹ During his leadership over the Soviet socialist construction, Stalin worked out a system of mandatory planning and management based on the teachings of Marx, Engels and Lenin. He said the economic plans which he put into practice are neither "conjectures" nor "wishful thinking" but a "command." "These plans must be carried out by the leadership organs at all levels," because they "control the future development of our national economy."¹⁰

It is true the Soviet Union was the first one to devise and practice mandatory planning, but its basic ideology came from the teachings of the founders of Marxism-Leninism. It is incorrect to regard the concept of planning as a Soviet perversion, and reject it.

Third, we must make sure whether mandatory planning is indispensable and whether it may be replaced by directive planning, market mechanism and other economic levers. According to one school of thought, the use of planning guide, market mechanism and other economic levers, such as taxation, price and credit, would be sufficient to channel the economic activities of all the sectors and enterprises to the orbit of a macroplan, and that mandatory planning is not indispensable and may be gradually phased out. We think both theory and practice show that as long as the production and exchange of commodities exist in a socialist society, mandatory planning is still an important regulatory mechanism in China's planned economy, provided that it does not repudiate the regulatory role of the market mechanism and planning references. The reasons are as follows:

First of all, mandatory planning, the embodiment of large-scale socialist production and the socialist system of public ownership, provides well coordinated development of the socialist national economy in proper ratios. The various sectors and units of large-scale socialized production are the interdependent and interacting parts of an organic entity. Economic development needs a command center just like an orchestra needs a conductor. Under the capitalist system of private ownership, the national economy of a country is sliced into numerous units of conflicting economic interests. To the capitalist industries, the so-called state planning is but a "frame of reference" for mutual adjustments, neither authoritative nor mandatory. They "recognize only the force of competition" and "the coercion exerted on them by the pressure of their economic interests."¹¹ The socialist national economy, founded on a unitary system of public ownership which replaced the

capitalist system of private ownership, "requires the undivided leadership of a strong central authority, unified planning and discipline for the whole country,"¹² and a state to represent the "whole people" to promulgate the plans to establish control over the movements and development of the whole entity. Mandatory planning is the embodiment of a centralized command and an executive authority with the power to impose compulsory enforcement and administrative discipline. If the centralized leadership over such an expansive macroeconomy were repudiated, the socialist economy would degenerate into a voluntary and aimless free economy, a market economy which only seeks readjustments after the fact. That would lead to confusion in the national economy, and deprive society of the means to guide and control its economic life. So to repudiate mandatory planning is to strip the state of the authority to provide centralized direction and undivided leadership over the economy of the country.

In the second place, the mandatory plans set forth the major operations of the national economy, coordinate its basic ratios, preserve the balance of the principal material, financial and manpower resources, and bring about the realization of the strategic objectives of the socialist economic development. They are the key to unfold the superiority of a planned economy. To reject mandatory planning is to deny the superiority of a planned economy.

Finally, the leverage of plans inherent in mandatory planning could not possibly be replaced by market mechanism or any other economic leverage. In terms of macro-significance, it works more accurately and effectively than the market mechanism, especially in preventing errors resulting from complete reliance on the market mechanism and undue emphasis on micro-interests over macro-interests.

It is true that one of the major themes of the reform is to make better use of the role of the market mechanism. But market mechanism alone would not effectively guarantee coordinated development of the socialist economy. It has been proven by historical reality in both China and abroad that no country which relies solely on the market mechanism to sustain its economy has been able to tackle the chronic dislocations of the ratios of its national economy.

As for such economic levers as price, taxation and credit, they are useful tools to both planned adjustments and market adjustments. But they cannot play the role of mandatory planning because they are only supplementary measures for adjusting the production-demand relationship rather than independent adjustment mechanisms. At present, since economic levers cannot be applied accurately and rationally, it is impossible to rely solely on them to adjust and coordinate the production-demand relationship, and to bring about a well balanced development of the whole national economy. Consequently, these economic levers may be used only as supplementary measures to reinforce the planned adjustments.

2. The Current Reform of the Economic System Not Meant for Expanding Mandatory Planning

Does an affirmation of the important role of mandatory planning in a socialist planned economy imply that the current reform of the economic system calls for an expansion of the scope of mandatory planning so as to turn it gradually into the only form of management? There is a popular view that the closer we get toward mature socialism, the sophisticated level of planning, and the more sectors coming under direct social regulation, the more expensive will be the scope of mandatory control till direct social planning and regulation reach all the sectors of production. Otherwise we will get closer and closer to a market economy instead of a mature socialist planned economy. We believe this is correct in the context of the final transition from socialism to communism and the transition from a commodity economy to a product economy. However, inasmuch as the system of commodity production and exchange is here to stay for a long time, this viewpoint does not agree with the direction of China's current economic reform.

First, as long as the social productivity and the national economy are not ready to cleanse the socialist economy of the impact of the commodity economy and to enforce "from each according to his work and to each according to his need," a system of efficient economic management should play two different roles simultaneously. It should maintain for the macroeconomy the development of all the production sectors of the national economy as it assures for the microeconomy the right of all the production units and the producers to manage their own economic interests within the framework of the interests of the whole country. Consequently, the direction of China's current reform should focus on the centralized leadership of the state on the one hand and the independence of the decentralized enterprises on the other. The planned mechanism should be accompanied by the market mechanism and the pricing law. Exclusive reliance on administrative measures should be replaced by a combination of administrative and economic measures, including the economic levers and economic legislation, for the management of the economy. While the state still has to hand down mandatory plans and adopt necessary administrative measures to control major economic operations, it should not impose rigid mandatory plans on those production units which operate under vastly different economic and natural conditions. In other words, the system of management should be flexible enough to accommodate both mandatory and directive quotas as well as direct and indirect means of control.

Second, as the production and exchange of commodities develop day by day and as the needs for daily necessities multiply and diversify, the products put out by society will increase not only in volume but also in designs, colors, brands and specifications. The pattern of consumption will have to undergo changes to keep pace with the advance of technology, the increase of the people's purchasing power, and the changing attitude of the consumers. If the state were to impose mandatory plans and direct control over the large-scale producers of diversified brands and designs of products, it would make them irresponsive to the changing demand pattern and unable to meet the social requirement, and would thwart their efforts to produce more consumer goods

and to raise the efficiency and economic benefit of production. Therefore, instead of imposing rigid plans on the designs and brands of commodity varieties, their production and marketing should be based on the market demand and the changing needs of the consumers, even though non-mandatory planning is still essential.

Third, a major drawback of China's existing system of management is undue reliance on unrealistic mandatory measures and the failure to realize the role of the market and other economic mechanisms. Any blind expansion of mandatory planning would aggravate instead of overcoming the drawbacks of the existing system because it hampers the role of all the mechanisms of adjustment and does not agree with the existing objective need to revitalize the economy.

It must be pointed out that market adjustments and the market economy are two different economic categories and should not be regarded as synonymous. While the market economy is antithetical to the socialist economy, the market adjustment mechanisms may coexist with and supplement the inadequacies of the planned economy. Even the free production and market adjustments not within the purview of the authorized plans are, under the existing conditions in China, still useful to the state planned economy. They are not the equivalent of the market economy. It is untrue and contrary to the spirit of the reforms launched since the Third Plenary Session of the 11th CPC Central Committee to regard non-mandatory management measures as a departure from the planned economy and the emergence of a market economy.

In view of the difference in the position and ownership of the various enterprises of the national economy, and the difference in the emphasis, designs and brands of their products, Comrade Hu Yaobang recommended in his report to the 12th CPC Congress the adoption of different methods of management for different enterprises: that mandatory planning shall apply to that part of the state-operated economy which produces and distributes the means of production and the means of subsistence affecting the national economy and the people's livelihood, especially those key enterprises which affect the entire economy; that certain mandatory quotas based on actual need shall be handed down to the collectively owned economy; that economic levers in addition to mandatory plans shall be applied as much as possible to other enterprises and products in order to ensure compliance with the directive plans; and that those enterprises which produce large varieties of minor commodities of minimal output value may schedule their production according to the market situation.

This recommendation based on the objective conditions in China sets down accurately the scope and extent of mandatory planning in the ensuing years of development in China, and points out the right way to reform the system of planned management.

3. The Immediate Task of Improving the Quality of Mandatory Planning

Instead of repudiating or expanding mandatory planning, the current reform of the economic system calls for its improvement. It should be more

scientific, more authoritative and much better prepared to play a leading role for the cause of the planned economy.

What must be done to achieve these objectives? We believe there are three steps to take.

First, set down a precise system of mandatorily planned targets.

A precise system of mandatorily planned targets is meant to define the proper limits of those targets, neither excessive nor inadequate. If they were excessive, they would exceed the planning and management capacity of China, and stifle the economy by "planning for everything and having everything planned for." That is our past mistake which ought to be purged. If they were inadequate, they would force the national economy to desert the macro-system of control and ruin the creditability of the planned economy. This has happened to some socialist countries, and we must strive to prevent it.

How can the mandatorily planned targets be accurately arrived at? We believe there are principles to observe: (1) It must ensure a macrosystem of control by the state over the national economy. This means that the targets which affect the entire national economy and the people's livelihood should be mandatorily planned. (2) It must help arouse the enthusiasm of all the localities and enterprises. This means that the mandatory targets, instead of constraining the enthusiasm of the localities and enterprises, should lead to the implementation of more comprehensive measures under uniform state plans to meet their material, financial and manpower requirements, to ensure steady production, supply and marketing activities, and to enlist even more effectively the enthusiasm of the localities and enterprises to speed up the development of the entire national economy. (3) It should help increase social economic effectiveness. This means that the mandatorily planned targets will increase instead of lowering the social economic effectiveness, and ensure the realization of the macroeconomic effectiveness. (4) Work for the coordination of the different systems of targets and the continuity of the plans between one fiscal year and another. That is to say that the different mandatory targets should be well coordinated and arranged, and that annual adjustments, if any, should hang together coherently to guard against excessive changes.

Under the existing conditions in China, the mandatorily planned targets should cover the production and distribution of major industrial products; the procurement and allocation of those agricultural and industrial products which affect the national economy and the people's livelihood; the total amount of capital investments, the newly increased productivity of major products, and the construction schedule of large and medium-size construction projects; major scientific research projects; the volume of cargo shipment; the financial, credit and foreign exchange administration; the total number of staff and workers of the enterprises owned by the whole people and the total number of recruits in the whole country for high level training in various fields of specialization; the pricing of major commodities and the general commodity price index; the scale for improving the people's living standard and the

total amount of wage for the staff and workers of the enterprises owned by all the people; and the major targets for the assessment of economic effectiveness (such as the target of energy consumption, the target governing the quality of major products, the target for the use of the facilities of the major enterprises). These plans will sustain the socialist planned economy when they are accurately drawn and vigorously enforced. If these targets were not mandatory, the socialist planned economy would be undermined.

Second, improve the preparation of the mandatory plans.

We believe an effective mandatory plan must be a scientifically prepared, high quality plan. A plan not scientifically formulated nor in keeping with reality would hurt the development of the national economy no matter how appropriate the mandatory targets are.

In view of the existing planning work in China, there are three areas to watch in order to achieve scientific and high quality mandatory planning.

First of all, the method of drawing up the plans should switch step by step to modern mathematical methods instead of relying on practical experience as it is done now. This means the drawing up and certification of any plan should rest on investigations and research, and strict scientific computation. The reliance on experience should be modified. Take the production targets for example. It takes modern mathematical methods to estimate prospective market demand and the coordination of investment and production to achieve a comprehensive balance between production, supply and consumption on the one hand, and the manpower, financial and material resources on the other. The targets certified should be the result of scientific computation.

In the second place, adherence to established principles and flexibility should work together to lay down different rules for different targets rather than relying on one arbitrary standard. Again, take production targets for example. To provide what is needed for the development of the national economy, explicit quantitative targets must be set for those products stipulated in the mandatory plans. No genuine planned economy can be sustained without such quantitative stipulations. However, there must be enough leeway for flexible adjustments of certain products within the framework of the explicit quantitative targets. A minimum quantitative ceiling may be placed on a given product which the enterprise concerned may exceed if there is a greater market demand and it is capable of producing more. A product not in great demand may be placed under a maximum quantitative quota which the enterprise concerned may not exceed even if it were capable of producing more. Some product may be placed under a limited flexible ceiling to allow the enterprise concerned to decide within certain limits the volume of its production in accordance with market demand and its own capability. The plan may set a total output quota for a given product while the enterprise may decide on its designs to meet different market needs. The combination of a set principle and flexibility makes room for the market mechanism to work under a centralized plan. This helps make the plans more responsive to the reality of the various localities and enterprises, overcome the rigidity of the mandatory plans, and avoid overstocking or understocking due to faulty

planning. Moreover, it encourages the localities and enterprises to take the initiative to program their production on the strength of market demand, and to produce a greater variety of quality products to satisfy the public needs. All these help ensure the success of the plans.

Finally, a comprehensive balance must be maintained to make every mandatory target count. That is to say, every mandatory target should be weighed against the availability of raw materials, supplies, fuel, equipment, capital, manpower, technology, transportation, natural resources, and production, supply and consumption relationship. It is necessary to make everything count and not leave any loopholes, and not subscribe to the idea that "it is impossible to eliminate all loopholes." A plan with loopholes is unreliable and is bound to lose its creditability.

Third, strictly and conscientiously carry out the mandatory plans.

The mandatory plans which cover the entire national economy should be strictly carried out like "a game of chess."

To make sure the mandatory plans are fully implemented, the departments which hand down the plans and the units which carry them out must produce specific measures for their execution, and must not leave the proclaimed tasks and objectives without specific measures to realize them. Besides producing its own measures to carry them out, the units responsible for the execution of the plans should enter into economic contracts with all those which they have business ties to ensure the implementation of the plans. Otherwise, the plans may very easily become a scrap of paper.

Uphold the unity and solemnity of the plans, and purge the practice of acting not in conformity with the plans. If a plan permits an enterprise to produce over its quota and keep a percentage of the products, it shall not retain its share at will unless it is done to ensure the implementation of the state plan. If a plan places a ceiling on the volume of output, the enterprise concerned shall not exceed that ceiling no matter what the reasons are. If a plan does not agree with the reality and should be amended, a request for revision should go through the established channels to a higher authority for approval. Overstepping one's authority to make unauthorized decisions should be resolutely discouraged.

Strengthen the supervision and inspection of the plans. The crucial point is to bring into full play the supervisory role of the People's Congresses at all levels, the masses, the specialists, and the departments in charge of statistics, accounting, finance, taxation, commodity price, and industrial management. At the same time, the legal system should be reinforced. Those who cause serious losses by failure to implement the state mandatory plans or are derelict of duty shall be held legally liable. If this were not done, the authority of the mandatory plans would erode, and it would be impossible to have a genuine planned economy.

Taxation, credit and price are the levers to be used to ensure the execution and realization of the plans. If the existing tax, profit, interests and

price are conducive to the realization of the plans, they should be brought into play as a stabilization force. If they dampen the realization of the plans, comprehensive and rational adjustments to enhance their positive usefulness must be introduced.

The implementation of the mandatory plans and the market should not be kept apart, and the market mechanism should be used to spur the realization of the plans. The responsiveness of the market should be used to reflect the fluctuations of social needs in order to enable the authorities to introduce prompt changes to the unrealistic plans. The only way for the plans to guide the development of the economy and prevent any undesirable results arising from unrealistic mandatory plans is to make good use of the role played by the market.

In conclusion, it requires more effective economic, administrative and legal measures, and the application of the various mechanisms of adjustments to bring mandatory plans into full play. It would be impossible to do so if all these were neglected.

(The manuscript arrived in September 1982)

FOOTNOTES

1. "Complete Works of Lenin" Vol 3, p 566.
2. "Das Kapital" Vol 1, p 394.
3. "Selected Works of Marx and Engels" Vol 2, p 454.
4. "Selected Works of Marx and Engels" Vol 3, p 319.
5. "Das Kapital" Vol 1, p 367.
- 6,7. "Selected Works of Marx and Engels" Vol 2, pp 552-553.
8. "Selected Works of Lenin" Vol 3, p 545.
9. "Complete Works of Lenin" Vol 36, pp 621-625.
10. "Complete Works of Stalin" Vol 10, p 280.
11. "Das Kapital" Vol 1, p 394.
12. Mao Zedong "On the Ten Major Relationships."

5360
CSO: 4006/310

NATIONAL POLICY AND ISSUES

TWO TYPES OF ECONOMIC SYSTEMS COMPARED

Beijing SHIJIE JINGJI [WORLD ECONOMICS] in Chinese No 11, 1982 pp 68-73

[Article by Sang Bingyan [2718 3521 1750], Institute of World Economics and Politics, Chinese Academy of Social Sciences: "Gross National Economic Value, National Income and Gross National Output Value Compared"]

[Text] There are two different systems of statistical indexes used by the different countries to reflect the state of their national economy. The balancing system of material products is used in China, the Soviet Union and the Eastern European countries. The capitalist countries and most of the Third World countries use the national economic accounting system. This article is a brief presentation of the meanings and distinctions, the history and the present state, the strong points and drawbacks of three different categories, the gross national economic value, the national income and the gross national output value, and my own views of the use of these three categories in China.

1. The Meanings and Distinctions of the Three Categories

(1) The gross social output value (otherwise known as gross national economic value) and national income in the balancing system of material products.

The balancing system of material products is based on the Marxist theory of reproduction. First, by dividing the social production into material and non-material production, it considers that the material production sector is the only genuine production sector, that the labor applied to the material production is the only form of productive labor, and that only the value and use value of the fruit of production need to be tabulated statistically. Second, it breaks down the value of a social product into C, the value of the means of production consumed; V, the value of the creations of required labor distributed to the workers as remunerations; and M, the value of the creations of surplus labor used mainly for accumulation and the expansion of reproduction. Third, it breaks down the material components of the social products into the means of production and consumer goods.

The gross social output value in the balancing system of material products represents the total value of the material products turned out by the material production sector of a country (in China, it includes these five areas:

agriculture; industry; building and construction; communications, transportation, posts and telecommunications, and commerce) within a specified period of time (usually 1 year), including C, the value of the means of production consumed, and V+M, the value of the new creations. The national income represents the total value of the material products newly created within a specified period of time (usually 1 year) by the material production sector of a country. This equals the value of the total social products minus the value of the means of production consumed. The relationship of the two may be illustrated in the following formula:

The gross social output value - materials consumed =
the national income.

The "materials consumed" in the formula represents the means of production, i.e. raw materials, fuel and energy consumed by the material production sector in the process of manufacturing, and the depreciation of the fixed assets. That is to say, the gross social output value includes duplicated accountings of the converted value.

(2) The gross output value (otherwise known as gross national economic value), the national income and the gross national output value in the national economic accounting system are based on the bourgeois economic theory of "the essential factors of production" and "services." It regards labor, capital and land as the essential factors of production that create wealth and income. It also includes "services"¹ in the concept of production, alleging that all services create wealth and income.

The gross output value in the national economic accounting system represents the total value of the products and services produced within a specified period of time (usually 1 year) by the labor, capital and land of a country, including the value of the intermediate products (raw materials, fuel, power), the consumption of the fixed assets (depreciation), net indirect taxes (the difference between indirect taxes and subsidies), and the value newly created. The national income represents the total value of the products and services provided by these three essential factors within a specified period of time (usually 1 year) in a given country. This equals the gross output value minus the consumption of the intermediate products, the consumption of the fixed assets and the net indirect tax plus the net earnings of the essential factors abroad.² The relationship between the gross output value and the national income may be illustrated as follows:

Gross output value - consumption of intermediate products - consumption of fixed assets - net indirect tax + net earnings of essential factors abroad.

The "consumption of intermediate products" in the formula represents the converted value of raw materials, fuel and power consumed. Unlike the "materials consumed" in the balancing system of material products, it does not include the depreciation of fixed assets. But the "gross output value" also includes duplicated accountings of the converted value of raw materials, fuel and power.

The "gross output value" in the formula minus the "consumption of intermediate products" equals the gross domestic output value (i.e. the final output value which, of course, includes the value of services). When the net earnings of the essential factors abroad are added to this, the sum total is the gross national output value.³ The use of the term "the final output value" as a major category is a unique characteristic of the system of national economic accounting.

(3) The different major categories of the two systems.

The two systems define "production" differently. The term "production" in the balancing system of material products denotes the production of material products by the various departments of the material production sector and the material services directly related thereto. The gross social output value and national income in this system represent the wealth and income created by the material production sector. The term "production" in the national economic accounting system denotes all the activities relating to the production of material goods and services. The gross output value and the national income in this system represent the total value (gross output value) or the total income (national income) of the products and services produced and rendered by both the material production sector and the non-material production sector.

A major difference between the two systems is that the category of the end-product value, i.e. the "final output value" (including, of course, the value of services) used by the system of national economic accounting is not used by the balancing system of materials products (though it may be figured out by adding the depreciation of the fixed assets and the value of services to the national income). The term "end-products" denotes products produced within a specified period of time (usually 1 year) which are available for end-consumption or end-use by individuals and society, and not to be re-processed within that period of time. We all know the gross national economic value is determined not only by the scope of social production but also by the extent of social division of labor. The more extensive the division of labor, the greater the number of production departments raw materials have to go through before turning into end-products, and the value of the raw materials would have to be accounted as many times as there are departments. To eliminate the impact of social division of labor on the social output value, the system of national economic accounting divides all the products into end-products and intermediate products. The total market price of all the end-products (material products and services) is the gross domestic output value which equals the total of the material products and services consumed by individuals and groups, the amount of social accumulation, the depreciation of the fixed assets, and the net amount of export. Consequently, the category of end-products reflects the actual state of the national economy of a country.

Another difference between the two systems is the difference in emphasis on the major categories. The balancing system of material products focusses on the gross social output value and national income, while the system of national economic accounting focusses on the gross national (or domestic)

output value and national income (the gross output value is the basis for measuring products and services), particularly the gross national (or domestic) product. The governments and scholars of the capitalist countries regard the gross national (or domestic) product as a comprehensive indicator of the economic activities of a country, and an important point of reference for the formulation of its economic policies. The bourgeois statisticians depend on it to predict economic crises.

Furthermore, the national income in the balancing system of material products includes the indirect taxes (because the national income in this system is based on the factory law which considers the indirect taxes as a given percentage of additional value added by an enterprise to its products) but does not include the net earnings of the essential factors of production abroad. The national income in the system of national economic accounting does not include the indirect taxes (because the national income in this system is based on the earnings of the essential factors of production, and the indirect taxes which are not derived from any of the essential factors does not represent the earnings of any of these factors) but includes the net earnings of the essential factors of production abroad. So the national income in the balancing system of material products corresponds to what is known in the national economic accounting system as the net domestic output value (including the indirect taxes but not the depreciation of the fixed assets, nor the net earnings of the essential factors of production abroad). The term national income represents two different concepts in these two systems.

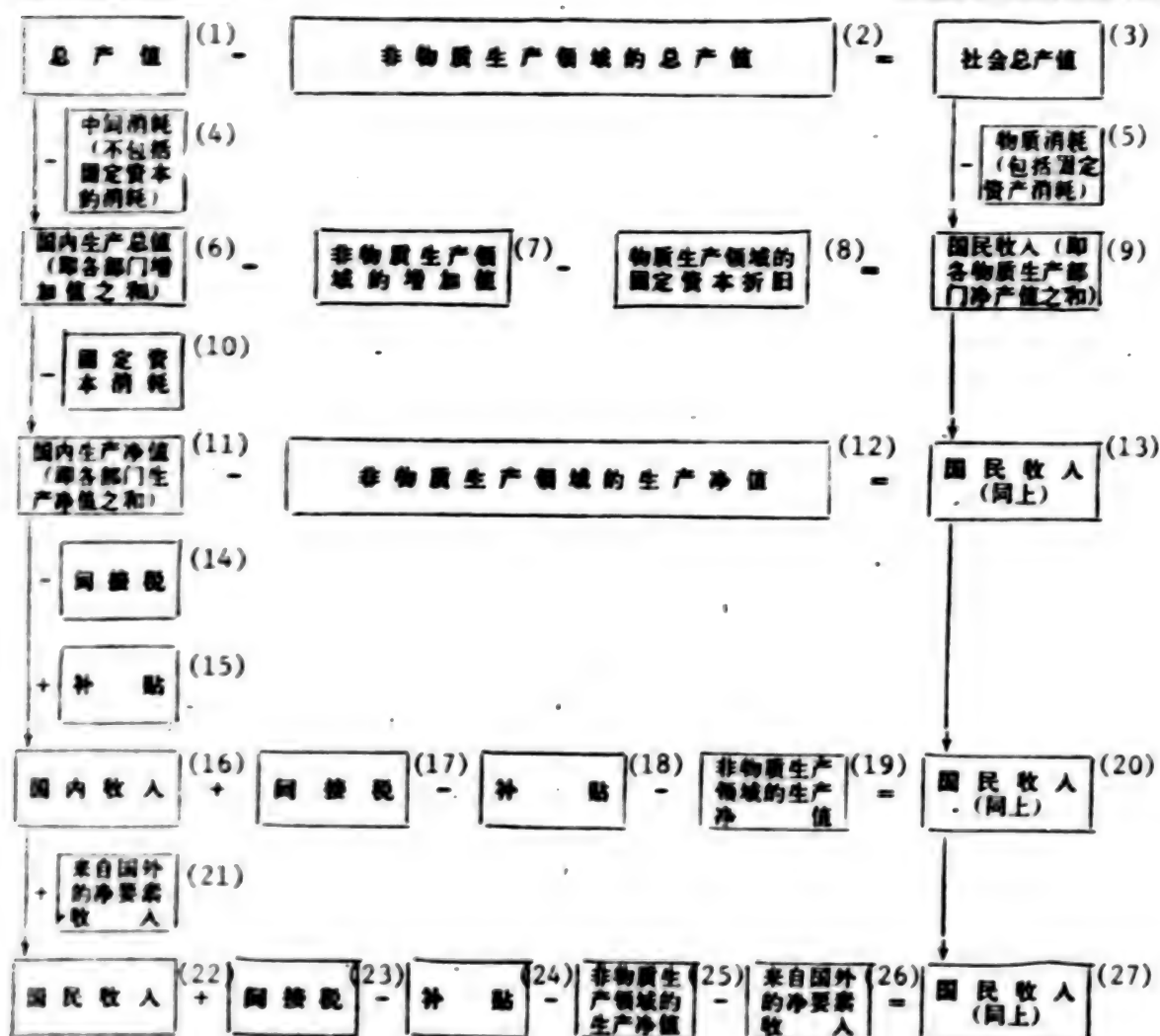
The following chart illustrates the relationship between the general categories of the two systems: [Chart on following page]

2. The History, Current Application, Strong Points and Drawbacks of the Three Categories

Judged in the light of economic statistics, all the general categories are not foolproof because they reflect only the conditions in certain given sectors. So they all have strong points and drawbacks. This goes for these three categories: the gross national economic value, the national income and the gross national output value. These are used mainly for macroanalysis. The gross output value, the net output value and the incremental value are three corresponding categories for microanalysis. These three corresponding categories are closely related and mutually identifiable in concepts and statistical processing. The gross national economic value is the sum total of the gross output value of the various departments (the material production departments under the balancing system of material products). The national income is the sum total of the net output value of the various departments (the material production departments under the balancing system of material products). The gross national output value is the sum total of the incremental value of the various departments plus the net earnings of the essential factors of production abroad. They each serve a specific purpose and cannot be replaced. The following is a brief presentation of the history and the current application, the strong points and the drawbacks of these three groups of statistical categories.

国民经济核算体系 (A)

物质产品平衡体系 (B)



Key:

- A. The National Economic Accounting System
- B. The Balancing System of Material Products
1. Gross Output Value
2. Gross Output Value of Non-Material Production
3. Gross Social Output Value
4. Intermediate Consumption (not including depreciation of fixed assets)
5. Material Consumption (including depreciation of fixed assets)
6. Gross Domestic Output Value (the total of the incremental value of all departments)
7. The Incremental Value of Non-Material Production
8. The Depreciation of Fixed Assets in Material Production
9. National Income (the total of the net output value of all the material production departments)
10. The Depreciation of Fixed Assets

[Key continued on following page]

11. The Net Domestic Output Value (the total of the net output value of all departments)
12. The Net Output Value of Non-Material Production
13. National Income (Ibid)
14. Indirect Taxes
15. Subsidies
16. Domestic Earnings
17. Indirect Taxes
18. Subsidies
19. The Net Output Value of Non-Material Production
20. National Income (Ibid)
21. The Net Earnings of Essential Factors of Production Abroad
22. National Income
23. Indirect Taxes
24. Subsidies
25. The Net Output Value in Non-Material Production
26. The Net Earnings of Essential Factors of Production Abroad
27. National Income (Ibid)

(1) The gross national economic value and the gross output value.

The gross national economic value is the sum total of the gross output value of all the material production departments (the non-material production departments are included in the national economic accounting system).

Historically speaking, the development of the capitalist industrial production prompted Sweden to adopt as early as 1830 the gross output value as a statistical category. The United States began in 1850 to compile statistics on its gross output value which was subsequently adopted by Great Britain and Russia. However, due to the drawbacks of the gross output value as a statistical category, some countries switched to net output value and other similar categories. In 1932, the United States began a new category known as incremental value which has found its way to more and more countries since World War II. The gross output value was the major category used in the Soviet Union before 1965 for policy decisions and statistics. It introduced the sales value of output in 1965, but decided in 1979 to switch to such categories as quotas and net output value. In 1978, Romania substituted net output value for gross output value to evaluate the economic state of its enterprises.

The drawbacks of the category of gross output value are as follows: (1) Since the gross output value includes repetitive accountings of the converted value, the more the converted value of a department, the higher would be its rate of labor productivity and the ratio of its achievement compared to the overall achievement of all the departments. An enterprise could increase its gross output value if it deliberately boosts its converted value by using, for instance, more raw materials, especially costly materials, or buying parts from other enterprises. The gross output value used as category for evaluating the business achievements of the enterprises does not reflect accurately the actual situations, and makes the enterprises go after quantity instead of quality and show no concern for conserving materialized labor. (2) The repetitive inclusions of the converted value in the gross output value is bound

to inflate unduly the rate of growth and the volume of state revenue. (3) The gross output value which does not reflect the sale of the products may disrupt the relationship between production and sales, and waste social wealth.

As a category, the gross output value has its strong points. (1) It agrees with the Marxist concept of gross social product and portrays the total volume of production, the economic relationship between the various departments, the turnover rate of society as a whole. (2) It reflects the scope and result of the production operations of all the enterprises in a specified period of time (usually 1 year). (3) Simple to calculate (the volume of production multiplied by the list price), it is easy to tabulate statistically.

The "Annual Industrial Statistics" published by the United Nations shows that 83 of the 93 countries it covered prepare their gross output value. According to the 1981 "Statistical Yearbook of the COECON Countries" prepared by the Council of Mutual Economic Assistance, all the COECON countries, except Poland and Vietnam, have statistical records on their gross social output value. The gross output value as a statistical category still plays an important role in the Soviet Union.

(2) The national income and net output value.

The national income is the sum total of the net output value of all the material production departments (also the non-material production departments under the national economic accounting system). The net output value which may remedy the drawbacks of the gross output value index has several strong points. (1) The net output value index which does not include repetitive inclusions of the converted value is a more realistic measure to assess the achievement of labor and the ratio of labor productivity of the various industrial and agricultural sectors. (2) In a situation where the commodity price is stable, the amount of net output value is in direct ratio to the volume of products but in inverse ratio to the amount of materials consumed. Consequently, it can reflect the achievement of the enterprises in increasing production and in economizing the consumption of raw materials. (3) Since the total of the net output value of all the departments is the national income, it reflects the national wealth created in a specific period of time, including all the consumer goods and the means of production used for reproduction.

The net output value index has its drawbacks too. (1) Since it is not the total value of the gross output, the value it represents provides no clue to the gross output. (2) In a situation where all the factors (such as the quota of raw material consumption and the rate of labor productivity) are preset, the net output value of an enterprise reflects the amount of human labor consumed, the greater the amount of human labor, the greater the net output value. This encourages the enterprise to overlook the need to economize the use of human labor. (3) The statistics on the net output value which relies on the monthly accounting reports cannot be ready on time because the monthly accounting reports always fall behind schedule.

Even so, the national income, the sum total of the net output value of all the departments, is still an important tool of macroeconomic analysis and a major index of the national economy. As stated above, the concept of the national income stands for two different matters to the two systems of accounting.

The 1979 edition of the "Annual Statistics of National Economic Accounting" published by the United Nations contains the national income of 157 countries and regions, 153 of which provide details on their national income. The 1981 edition of the "COECON Annual Statistics" still treats the national income of a country as an important indicator of its whole national economy.

(3) The gross national output value and the incremental value.

The gross national output value (including all the services) is the sum total of the incremental value of all the sectors (including all the services) plus the net earnings of the factors of production abroad.

Before 1930's, the vulgar bourgeois economists used the individual consumers, the individual enterprises and the individual trades as the units for micro-analysis. To cope with the economic crisis of the capitalist world in the early 1930's, the Keynesians introduced the gross consumption, gross investment and gross income for macroanalysis of the whole economy. This required comprehensive and systematic statistical data on the gross output and gross income. Great Britain and the United States were the first to compile systematic data on their national income, and that was the time when the concept of gross national output value and incremental value were introduced. The concept of "national product" (i.e. end-product) was used in "The 1929-1932 U.S. National Income" published in early 1934 by the United States Department of Commerce. In early 1941 the British Government issued its White Book on "National Income and National Expenditure" which made public the 1938-1940 British national economic accounting data. After World War II, the system of national income has found its way to many countries. In 1947, Great Britain, the United States and Canada began to compile their system of national economic accountings. To bring about uniformity of standards, the United Nations published in 1953 a standard national economic accounting system which it tried to persuade many countries to adopt. After more than 10 years of application, a revised standard of national economic accounting which ranks domestic output value above national income was published in 1968. The current "Annual National Economic Accounting Statistics" prepared by the United Nations lists the gross domestic output value of 157 countries and regions, 13 of which provide detailed figures. The Soviet Union is also striving to make its planning and statistics reflect the end-results, hoping to adopt step by step an end-product index which is of practical value to its national economy.

The fact the index of gross national output value has been adopted by so many countries shows its strong points. (1) Being the sum total of the value of all the end-products (including consumer goods, the means of production and the services), it equals the total consumption (including the consumption of

all goods and services) plus the total investment (including the value of replacement of the fixed assets already consumed). The end-products, which do not include repetitive inclusions of the value of the intermediate products, is the sum total of the goods and services which society consumed in a specified period of time. Since it reflects more realistically the extent to which the economy of a country is able to satisfy the material and cultural needs of the state and its people, it is an important index for measuring the macroeconomic effect. (2) The gross national output value does not allow deduction for the depreciation of the fixed assets, which is so difficult to estimate accurately that it is rated high enough to cover a large portion of the hidden capital accumulation. It is therefore more rational not to allow depreciation deductions in computing the end-product value. (3) The gross national output value included the value of services most of which, such as education, scientific research, management, hospitals, environmental protection, banking, insurance, tourism, restaurants, are becoming more and more important as the economy of a country develops.

An inherent drawback of the gross national output value is that it includes those "services," such as the bourgeois government, army, police, secret service, gambling and speculative activities, which protect the interests of the bourgeoisie and reflect their decadence.

3. Some Simple Suggestions

Traditionally, China uses the gross industrial and agricultural output value and the national income as the principal indices of the level of the development of its national economy. The gross industrial and agricultural output value represents the gross output value of the material production sectors of industry and agriculture (an index of the level of China's economic development). This, plus the gross output value of building construction, communications, transportation, posts and telecommunications and commerce form the gross national economic value, or the gross social output value. In recent years, China has also compiled its gross national product index for comparative ratings in its international transactions. Personally, I think it is rational to use the gross national product in addition to the gross industrial and agricultural output value and the national income, the two indices China has been using. These are the reasons: (1) The gross national product is closely tied to the "end-product," the social production, and the "services" necessary to the lives of the people. The adoption of this index by a socialist country would help reflect even better its actual economic strength and the extent to which the ever-increasing material and cultural needs of the state and its people are met. (2) China will find it easier to deal with any of the 157 countries and regions which compile and publish their GNP figures. (3) The United Nations membership dues, and the loans and grants extended to a member of the international organizations are based on the gross national product (or a similar index) of that country. China would be able to act positively in its international transactions if China had its own GNP figures. (4) The gross national product in reality is an index of the end-products (including depreciations) and the services. China can get it by adding the value of the depreciations and the services to its national income.

While using these three comprehensive indices, China, guided by Marxism, may work out its own realistic system of national economic planning and statistics based on the balancing system of material products and the desirable features of the national economic accounting system.⁴ It is an important and difficult task. But we will be able to work it out in the not too distant future and bring it to perfection step by step if all the sectors concerned work together.

FOOTNOTES

1. The "services" denote a wide range of services, including profit-seeking services, such as banks, hotels, restaurants, entertainment, hair dressing (the service value consists of the business earnings minus materials purchased and wages paid); non-profit services, such as medical and health services, education, scientific research, charity and religion (the service value is measured by the wages paid); services rendered to families and individuals, such as housekeepers, chefs, family tutors, shoe-shining (the service value is measured by the wage or remunerations paid); services for the ruling class, such as the government, army and police.
2. "The net earnings of the essential factors abroad" represent the difference between the earnings of Chinese investments and services abroad on the one hand and the earnings of foreign investments and services in China on the other.
3. Since "the net earnings of the essential factors abroad" may end in plus or minus, the gross national output value could be bigger or smaller than the gross domestic output value, even though the gross national output value is an index of the end-product value.
4. Any country using the national economic accounting system takes into account the earnings of its investments and services abroad and the earnings of foreign investments and services within its borders. But these are not considered or overlooked under the system of the weighted balance of material products. Since China has opened its doors to foreign trade, it should absorb the experience of the national economic accounting system in this particular area. Another desirable feature of the national economic accounting system is that it includes those "services" vital to social production and the livelihood of the people.

5360

CSO: 4006/310

AGGREGATE ECONOMIC DATA

TIANJIN'S REPORT ON ECONOMIC, SOCIAL DEVELOPMENT

SK010726 Tianjin TIANJIN RIBAO in Chinese 25 Apr 83 p 3

["Excerpts" of "Major Points of Tianjin's 1983 Economic and Social Development Plan" issued by the Tianjin Municipal People's Government in April 1983]

[Text] 1. Fulfillment of the 1982 Plan.

In 1982, the municipality continued to implement the central authorities' principle of further readjusting the economy and gave first priority in economic work to the improvement of economic results. New progress was achieved in all fields of the economy, various plans were fulfilled and the situation of our municipality, like elsewhere in the country, was very good.

1) Industrial production continued to grow steadily. The annual industrial output value was 6.3 percent greater than in the previous year. Light industry increased by 4.3 percent and heavy industry by 9.1 percent. Economic results also improved.

2) The rural economy flourished, and agriculture forestry, animal husbandry, sideline production and fisheries comprehensively increased. Grain output was 250 million jin more than in the previous year and the agricultural output value was 13.9 percent greater.

3) Market supplies were abundant, and the situation was the best since 1950. The supply of daily consumer goods was sufficient, the people's minds were at ease, and their savings rose.

4) The revenue plan was overfulfilled. The revenue was 66 million yuan more than planned although the prices of many commodities, such as polyester and watches, were reduced, the oil consumption tax increased, interest on loans rose and subsidies for various purposes exceeded the planned targets.

5) Key projects in capital construction accelerated. The municipality's investments in capital construction were 19.4 percent more than in the previous year. The Luan He water-diversion project made rapid progress. Houses completed (excluding those covered by measures) totaled 4.98 million square meters, of which 3.59 million square meters were residential housing.

Municipal construction covered by the special earthquake-relief program was in full swing. A total of 991 industrial technical transformations led by the municipality were completed.

6) Great achievements were scored in developing the collective economy, in increasing shops and in employment. Last year 1,336 new shops were set up. This plus the new shops set up in new residential areas put the total number at more than 2,000. As many as 140,000 people were offered jobs last year.

However, many new situations and new problems cropped up in economic development. The most conspicuous ones were:

a. Production of many light industrial products slowed down. Since 1982, buyers instead of the market began to decide on the sales of some consumer goods. They wanted these consumer goods to have more variety and set many new demands. However, both our production and operation failed to meet the demands. Many products were neither good nor inexpensive, had no ready markets and lacked a competitive edge. In the meantime, commodity circulation channels which had too many links were clogged and some products were unreasonably priced. This also adversely influenced the production of light industrial products.

b. An overall shortage in energy supply appeared. Fuel oil and natural gas were insufficient and coal and power supply were also strained. In the past, we relied on excessive allocation of coal not covered by the plan to make up for our coal shortage. With a decline of excessive allocation in 1982, our coal stores also declined.

c. Economic results improved slowly. The readjustment improved our industrial economic results, but the speed of improvement was not quick enough. We still lagged far behind such advanced areas as Shanghai.

2. The Tasks and the Major Targets of the 1983 Plan.

The tasks of Tianjin's 1983 Economic and Social Development Plan are: Implement the guidelines of the 12th National Party Congress and the demands of our country's "sixth 5-year plan" for national economic and social development, carry on the principle of readjustment, restructuring, reorganization and upgrading, bring economic work into the orbit of improving economic results, greatly promote technical progress, comprehensively consolidate and reorganize enterprises, reform the economic management system in a resolute and orderly manner, put great efforts in laying foundation and upgrading standards and strive to create a new situation in all fields of our municipality's socialist modernizations. To be more specific, the tasks are:

First, we should carry out enterprise consolidation in an all-round way and through the method of putting stress on some key enterprises. In agriculture, it is necessary to further stabilize and improve the system of contracted responsibility with payment linked to output. In industry,

various forms of the contract system should be instituted to raise the operation and management level. At the same time, we should further readjust the organizational structure, product mix and technical structure and, on the basis of raising economic results, strive to make a sustained and stable increase in industrial and agricultural production so as to increase the state revenue and consolidate and develop an excellent economic situation.

Second, we should organize scientific and technical personnel to tackle problems in energy conservation projects and in developing new products. We should also popularize and import new technologies to accelerate the technical transformation of enterprises.

Third, we should speed up the reform of the economic system in line with the practical situation and in a comprehensive, systematic, resolute, orderly and well-guided manner. The enterprises owned by the whole people should substitute taxes for the delivery of profits. The collectively-owned enterprises should shift from the system of "assuming responsibility for profits or losses in a unified way" to the system of "assuming sole responsibility for profits or losses," improve the relationships between the state and the enterprises and, at the same time, eliminate egalitarianism in distribution so as to mobilize the socialist labor initiative of the large number of the masses.

Fourth, we should strictly control the scope of capital construction, continue to develop the project of diverting Luanhe river water to Tianjin, pay attention to post-earthquake reconstruction projects and to the key state construction projects and make proper preparations for the first stage of some key projects.

Fifth, we should readjust the structure and specialities of the institutions of higher learning, further reform the structure of secondary education, and actively develop workers' education and sparetime education so as to accelerate the training of competent persons.

Sixth, we should vigorously develop the collective economy, open up more employment channels and solve problems in the daily lives for the people.

In accordance with the above-mentioned tasks, the arrangements for all major targets covered by the 1983 plan are as follow:

1) Industry

It is planned that total industrial output value will increase by 5 percent and efforts should be made to register an increase of 6 percent.

In terms of light and textile industries, the production of consumer goods should be vigorously developed. In line with market needs, proper arrangements should be made for the production of various products.

In 1983, purchasing power of the people in rural and urban areas will continue to increase and thus we must vigorously develop the light and textile industries. It is planned that the 1983 light industrial output value will increase by 5 percent.

Heavy industry should continue to readjust its service orientation and open up new service realms. All products which are needed by the state and which consume less energy should be produced in as much quantity as possible. Production of products which consume much energy should be limited to the amount needed by Tianjin. With regard to the machinery industry, it is necessary to eliminate outmoded products which consume much energy and more raw materials and whose quality is poor. Effort should be made to develop new products. It is planned that the 1983 heavy industrial output value will increase by 5 percent.

In 1983, it is planned that 101 new products covered by the municipal administration will be put into production. These products can be divided into five categories:

First, the 12 new products which were developed through joint research in 1982. Second, new energy-conserving products. Third, upgraded and updated products, products whose product mix has been changed and products of advanced level. Fourth, products with improved quality and more variety and which fill gaps in our municipality. Fifth, products serving exports.

In 1983 a total of 825 million yuan will be invested in technological transformation projects. Sixteen projects are covered by the 1983 plan for technical transformation. The newly developed projects center on the development of new products and new technologies and on energy and water conservation projects. To speed up the first stage preparations for these projects, 170 preparatory items have been assigned and they will be brought under the formal plan for construction after their initial designs have been approved.

2) Agriculture

Following the principle of serving the cities, we will exert great efforts to expand nonstaple food production and, while increasing grain production, vigorously develop diversified undertakings to achieve a sustained overall increase of agriculture, forestry, animal husbandry, sideline production and fisheries. We plan to increase our agricultural output value by 5 percent and our grain output by 50 million jin over last year and to reduce our oil-bearing seeds by 8.64 million jin and vegetables by 1.55 - 1.77 billion jin. Efforts should be made to improve quality, increase variety and ensure ample and balanced supply of various products. We plan to increase milk by 6.61 million jin, eggs by 640,000, and sheep by 21,500 over last year. We plan to produce 28,000 to 36,000 tons of aquatic products, afforest 30,000 mu and tend 20,000 mu of forests.

In developing forestry, we should further stabilize and improve the output-related production responsibility system. In developing nonstaple food

production, we should persistently support state, collective and individual units simultaneously, with specialized households as the key.

We should stabilize grain areas and strive to increase per-mu yields.

3) Capital Construction

As planned, 1983 capital construction investments will be 10.0 percent more than those of 1982. Investments in such key fields as energy, water resources, communications, science and education will all be 20 percent more than last year. Among the total investments of 1983:

Investments in projects directly led and supplied by the central authorities will increase by 7.4 percent over last year.

Three hundred million yuan will be earmarked to the Luan He water-diversion project to ensure that water is diverted to Tianjin on 1 October 1983.

Investments earmarked to the special earthquake-relief and reconstruction program total 820 million yuan, which will mainly be used to build residential houses, to step up the transformation of Xiqingdao Street and to accelerate municipal public utilities construction and building materials projects.

Investments in local capital construction. [As published] Overall investments allocated by the state and the investments allocated by the municipality will be the same as last year. These two categories of investments will first be used in projects under construction and then be used for new projects.

4) Domestic and Foreign Trade

On the principle of promoting commodity production, facilitating commodity circulation, making the urban and rural economy flourish, and ensuring market supply, it is planned that the total value of the commodities purchased by the municipality's state-run commercial departments will increase by 3 percent over last year, the total value of commodities marketed by the municipality's state-run commercial departments will increase by 2.8 percent over last year, and the municipality's commodity retail sales will increase by 5.8 percent over last year.

In foreign trade, we should conduct surveys on foreign markets, promote sales and expand exports.

5) Finance

The 1983 state-assigned revenue target for our municipality is 2.3 percent more than the revenue actually realized last year.

Budgetary expenditures in 1983 are 8.84 percent more than those approved by the third session of the Ninth Municipal People's Congress in early 1982. The increase in the expenditures on education, science and health undertakings is planned at 14.14 percent.

In 1983 we have been assigned to buy 99.1 million yuan of treasury bonds. The amount is the same as last year.

6) Science and Technology

In line with the state scientific and technical joint research projects to be carried out during the "sixth 5-year plan" period our municipality's "sixth 5-year plan," our 1983 scientific and technical development plan covers 217 tasks for 56 key projects in 13 fields. Fifth-two tasks for 16 projects--which are more comprehensive and can create better economic results, already underwent experimentation and have a definite foundation, and can be applied quickly--have been selected as key tasks for which forces of all quarters are organized to conduct joint research.

7) Cultural, Educational and Health Undertakings

In developing higher education, we should start to prepare for establishment of colleges of science and engineering, restructure colleges and universities, readjust their departments and develop multi-level schools of diverse types. We should recruit more students for engineering, financial and economic, political and law departments because people specialized in these fields are badly needed. Musical, physical culture and sports, and fine arts departments should recruit fewer students. We plan to enroll 9,341 students in 1983, 1,310 more than in 1982. We will vigorously prepare to establish a 2-year vocational college, which will recruit self-sponsored, nonresident students who will not be assigned jobs after graduation.

We will continue to restructure secondary education and greatly develop vocational education. Vocational middle schools (classes) will increase from 21 in 1982 to 46. Five county-run middle schools will be turned into agrotechnical schools to ensure that every county has an agrotechnical school. Full-time secondary vocational schools should recruit 5,430 students in 1983 as planned and should share the task of training cadres. It is planned that technical schools will recruit 7,585 students in 1983 and should sponsor in-service training for young workers.

The quality of primary school education should be improved. Rural primary schools should strive to prevent students from transferring to other schools and encourage more children of school age to attend school.

It is necessary to develop adult education of various types at various levels, encourage independent study and vigorously create favorable conditions for correspondence education, evening colleges, spare-time secondary vocational schools and radio-television education and do a good job in training cadres.

Public health, culture, broadcast, physical culture and sports and publication should be further developed.

8) Population and Labor

The 1983 municipal population growth is planned at 15.4 per thousand. It is necessary to strengthen propaganda and education on family planning and improve technical service work. We should spare no effort to develop family planning work in rural areas.

The 1983 municipal total labor force in urban and rural areas will come to 146,500 people (of which, 87,000 people are job-a-waiting youths in urban areas). Except for the 24,900 people who enter higher level schools or who join the army, employment will be given to 108,500 people. Units owned by the whole people will employ 41,000 new workers and staff members (including 6,000 people employed by the central units stationed in Tianjin). Employment will mainly be given to graduates of universities, secondary vocational schools and technical schools and to the soldiers who have been demobilized or transferred to civilian work. It is planned that units owned by the whole people and collectively-owned units will employ 15,000 people to fill vacancies in existing jobs. The remainder of the jobless people will be settled through developing the collective economy. It is also planned to develop 1,000 commercial and service centers, establish child-care stations and run groups serving the people's daily lives. Some rear-service teams will be established on a trial basis to serve enterprises and institutions. Some teams will be organized to engage in plant breeding, maintenance work and protecting environmental sanitation. In addition, some 50,000 people will be arranged to work on major industrial projects on a contract basis, to do processing work for foreign trade and to develop various kinds of breeding industries, including raising fish, birds and worms and growing flowers.

3. Major Measures for Fulfilling the 1983 Plan.

In working out the 1983 plan, there are some conspicuous problems which should be solved in the course of implementation. These problems are: a) State-allotted energy and raw materials cannot meet the needs of production and construction. b) Contradictions between production and marketing of some light and textile products are serious. c) Funds for various undertakings are insufficient. The basic way to solve these problems is to truly make all economic work center on improving economic results. It is necessary to adopt effective measures to raise our municipality's levels of technology and management so as to improve economic results in the fields of production, construction and circulation.

In line with state demands, all the levels of product quality, construction quality and service quality should be higher than in 1982. It is demanded that energy consumption should be reduced by 2.5 percent; the consumption of various raw and semi-finished materials should decrease by 1 to 2 percent; the cost of comparable products produced by state industrial enterprises should be lowered by 1.6 percent; the number of days for the turnover of floating capital should be reduced by 2.4 percent; and per capita productivity should be increased by 1.8 to 2 percent. Circulation expenses for state commercial departments should be lowered by 2 percent. The construction

period for capital construction projects and transformation projects should be shortened and their costs building should be lowered. The utilization rate of newly added fixed assets is projected at about 85 percent.

To fulfill the 1983 plan and to meet the above-mentioned demands, we must pay attention to the following tasks:

- 1) We should continue to consolidate existing enterprises. The key to consolidating enterprises lies in organizing good leading bodies, instituting and improving various kinds of managerial systems, mapping out plans for technical transformations, and defining a reasonable direction for the development of products. In consolidating enterprises, particular attention should be paid to big enterprises.
- 2) We should make further efforts to readjust enterprises and map out plans for the development of enterprises and for readjustment. On the basis of these plans, efforts should be made to promote specialized production organized according to varieties of products and different technologies. It is necessary to develop various forms of integration so as to establish reasonable cooperation among existing enterprises.
- 3) Only by vigorously promoting progress in technology and developing production with new technology can enterprises continually raise their economic results. It is necessary to correctly handle the relationships between scientific and technological development and economic construction and to foster the idea that economic construction should rely on science and technology while scientific and technological work should serve economic construction.
- 4) Special attention should be paid to energy conservation. We should make efforts to complete energy conservation projects. In developing energy conservation projects, priority should be given to the distribution of raw materials and to dispatching construction teams so as to complete all energy conservation projects on schedule. It is necessary to mobilize the masses to conduct energy conservation activities, to eliminate losses and waste and to strive to achieve results in energy conservation work across the municipality.
- 5) Strictly control the scope of investment in fixed assets across the municipality and pay attention to first-stage preparatory work for large projects. All units should develop fixed assets in accordance with approved plans. Without approval, investment in fixed assets should never be expanded. It is planned in 1983 that a total of 5 million square meters of houses will be built and completed and 3.5 million square meters of residences will be completed. In making arrangements for construction, stress should be put on the construction of key projects. All construction projects, including technical transformation projects, should be developed in line with the procedures for capital construction.

6) Strengthen and improve planning and management. To implement the principle of relying mainly on the planned economy and supplementing it with market regulation, it is necessary to strengthen and improve planning and management.

The year 1983 is the third year of the sixth 5-year plan, as well as a year of crucial importance. The implementation of the plan this year is very important for the fulfillment of the sixth 5-year plan. Comrades on all fronts should enhance their spirit, work wholeheartedly under the guidance of the guidelines of the 12th Party Congress and strive to create a new situation and to score new achievements in building the socialist material and spiritual civilizations.

CSO: 4006/554

AGGREGATE ECONOMIC DATA

BEIJING ISSUES 1982 STATISTICAL REPORT

HK010711 Beijing BEIJING RIBAO in Chinese 14 May 83 p 14

[Beijing Municipal Statistical Bureau (13 May 1983) Bulletin on Results of Execution of 1982 National Economic and Social Development Plans]

[Text] In 1982, the municipality of Beijing continued to implement the principle of readjusting, restructuring, reorganizing and upgrading, and the four directives of the Secretariat of the CPC Central Committee about the principle for the construction of the capital, and consequently it has made new achievements in the building of material and spiritual civilizations. Gross industrial and agricultural output value for the whole year totaled 24.96 billion yuan (calculated on the basis of unchanged prices in 1980, the same below), a growth of 6.2 percent over the previous year. According to initial calculation, national revenues were 11.6 billion yuan, an increase of 3.2 percent after deduction of the price change factor. Development has been made in municipal construction, science, education, culture and health while people's living standard has been further improved. But population growth is high, the living facilities situation is still tight, economic efficiency is low and financial revenues have decreased.

1. Industry

Industrial production continued to grow during readjustment. Gross industrial output value across the capital was 22.87 billion yuan, 5.6 percent higher than the previous year, to surpass the planning target of "guaranteeing three and striving for four," with speed of growth considerably surpassing the 1.7 percent of the previous year. Of the 96 kinds of major products that were included in state planning, 84 kinds fulfilled state output quotas while the output of 67 kinds was higher than the previous year.

Growth of light industrial production began to slow down. Gross output value for the whole year was 10.46 billion yuan, 3.3 percent higher than the previous year but lower than the 14.5 percent growth rate in 1981. Output of some products failed to meet planning because of low quality and because they were unsalable.

The following are records of the output of major light industrial products.

	<u>1982</u>	<u>1982 compared with 1981 (percentage)</u>
yarns	69,000 tons	101.5
fabrics	300 million meters	103.9
woollen fabrics	12.73 million meters	100.5
wrist watches	1.759 million	118.5
bicycles	100,000	63.8
sewing machines	641,000	116.5
TV sets	434,000	100.9
tape recorders	225,000	287.5
refrigerators	45,000	143.7
washing machines	321,000	171.7
furniture	2,435,000	111.9
cigarettes	117,000 boxes	92.2
wines	149,000 tons	111.4

Heavy industrial output grew quite rapidly. Gross output value for the whole year was 12.41 billion yuan, 7.6 percent higher than the previous year. Heavy industrial output dropped by 6.6 percent in 1981 but grew quite rapidly in 1982 because of the expansion of capital construction and higher demand. Certain achievements have also been made in expanding service and readjusting product structure as considerable work has been done.

Following figures are records of the output of major heavy industrial products.

	<u>1982</u>	<u>1982 compared with 1981 (percentage)</u>
crude coal	8.113 million tons	102.9
electric output	10.03 billion kwh	101
crude oil processed	5.335 million tons	100
pig iron	3.916 million tons	108.4
steel	2.004 million tons	105.3
rolled steels	1.594 million tons	106.6
caustic soda	82,000 tons	105.5
chemical fertilizer	120,000 tons	98.4
plastic	316,000 tons	106.8
synthetic rubber	45,000 tons	103.4
metal cutting machines	6,743	98.1
vehicles	28,000	103.5
cement	2.491 million tons	110.4

Quality has been improved. In 1982, 24 kinds of products won state gold and silver medals. A total of 205 kinds of products entered national appraisal of the same trades, of which 67 kinds were rated the best.

Economic efficiency of industrial enterprises has been raised. Labor productivity of staff and workers of the industrial enterprises across the city in 1982 was 15,562 yuan, 1.1 percent higher than the previous year. The consumption standard of 2/3 of 103 kinds of raw materials for major products was lower than the previous year. Comprehensive consumption per 10,000 yuan output value was 3.1 percent lower than the previous year while the cost of comparable products of industrial enterprises owned by the whole people throughout the city was 0.5 percent lower than the previous year. As some products were of low quality with unmarketable varieties, they were not in good demand. By the end of the year, capital invested in products was 17.1 percent higher than at the beginning of the year. Circulation days of fixed amount working capital was 0.8 days longer than the previous year.

2. Agriculture

Suburban rural areas continued to implement the principle of "serving the capital, making peasants rich, and building socialist and modern new rural areas." Various forms of the production responsibility system have been gradually popularized and perfected, new technical achievements have been used and popularized, diversified economic management has been developed in a big way, while difficulties caused by natural disasters such as serious drought have been overcome. In 1982, agricultural production still grew considerably. In particular, animal husbandry and sideline production developed more rapidly, and with the exception of oil-bearing crops, major agricultural and sideline products overfulfilled production plan. Gross agricultural output value for the whole year was 2.09 billion yuan, 13.5 percent higher than the previous year. Output value of crops increased by 4.7 percent, forestry 1.5 percent, animal husbandry 15.9 percent, sideline production 26.5 percent and fisheries 10.6 percent.

The following are records of major agricultural and sideline products.

	<u>1982</u>	<u>1982 compared with 1981 (percentage)</u>
grain	3.71 billion jin	102.7
oil-bearing crops	45.56 million jin	102.4
vegetables	4.17 billion jin	120.5
pork	270 million jin	104.7
eggs	110 million jin	120.7
milk	180 million jin	117.2

A number of specialized households and key households with technical advantages and management capability have emerged in suburban rural areas, commodity economic in rural areas has developed and commodity rate of agricultural and sideline products has been tremendously increased.

Afforestation acreage for the whole year was 422,000 mu, 2.3 percent higher than the previous year, and a total of 28.56 million trees were planted, an increase of 58.1 percent over the previous year.

3. Investments in Fixed Assets and Building Industry

Investments in fixed assets have been expanded. The investments in fixed assets completed in 1982 were 3.45 billion yuan, 9.7 percent higher than the previous year. Of this figure, investments in the capital construction of units owned by the whole people, and collective units in cities and towns were 2.6 billion yuan, 8.8 percent higher than the previous year. Investments in technical items (these items included building space above 300 square meters and above 50,000 yuan investments) were 850 million yuan, 12.3 percent higher than the previous year. According to sources of capital, of this figure, 1.41 billion yuan was allocated from state budget, 8.6 percent higher than the previous year, the funds raised by the units themselves were 1.45 billion yuan, a growth of 22.5 percent, bank loans were 440 million yuan, an increase of 28.7 percent and capital from overseas Chinese and foreign capital was 140 million yuan, an increase of 100 percent.

Of the total investments in capital construction and technical items, 1.69 billion yuan was invested in non-productive construction, 16.4 percent higher than the previous year and 54.7 percent of total investments. Of this figure, 880 million yuan was invested in housing, 11.1 percent higher than the previous year. Investments in productive construction were 1.56 billion yuan, 2.5 percent higher than the previous year and 45.3 percent of total investments. Investments in light and textile industries were 510 million yuan, an increase of 26.1 percent.

A total of 1,228 capital construction items were completed or partially completed and put into operation in 1982 and they made up 54 percent of total items while the figure for technical projects was 1,815, 52.7 percent of the total. Newly added annual productivity capacity included 40,000 tons of synthetic fiber, 750,000 pairs of leather shoes, 100,000 washing machines, 10,000 cameras, 250,000 electric meters, 25,000 tons of beer and 750 tons of biscuit. The completed projects for saving energy and others were able to save 14,000 tons of coal, 18,000 tons of fuel, and more than 17 million tons of water over the year.

Housing building space throughout the city was 19.386 million square meters, 3.3 percent higher than the previous year. The space of the completed houses was 7.282 million square meters which surpassed planning and was 0.2 percent higher than the previous year. As the space of the projects was excessive and building power was used in a scattered way, there was a shortage of building materials, with building efficiency dropping to 37.6 percent from 38.8 percent of the previous year. The space of the completed houses during the year was 4.451 million square meters, 2.8 percent higher than the previous year.

Thanks to the introduction of various forms of the economic responsibility system, the management of building projects by building enterprises has been improved and quality of projects and labor efficiency have been raised. Statistics over 83 major building enterprises showed that the work volume of building and installing completed in the year was 1.73 billion yuan, 8.6 percent higher than the previous year. There were 707 defect-free

projects with a total space of 2.083 million square meters, 10 percent higher than the previous year; labor productivity of the whole staff was 5,641 yuan (calculated on the basis of prices in that year), 7.2 percent higher than the previous year.

4. Urban Construction

Urban construction has been accelerated. Newly built and expanded roads in the whole year totalled 48.8 km. The main roads that have been completed and opened to traffic included the slow vehicle route workers' Stadium North Road in Chaoyang District and roads in Puhuangyu living area. The completed surface and underground waterways totalled 70.8 km. Considerable development has been made in urban public utility facilities. The number of passengers carried by public transportation in downtown areas was 2.85 billion, 7.6 percent higher than the previous year. A total of 336 public trains and buses were purchased during the year, with an addition of 8 new routes. Congestion in public transportation has been slightly eased. By the end of the year, a total of 881,000 households used gas and liquid petroleum gas, an increase of 3.5 percent over the figure at the beginning of the year and this figure made up 69.5 percent of the total households in the downtown area and vicinity.

"Regulations on the Management of Urban Environmental Hygiene" and "Provisional Management Method for Covering the City with Green" were implemented on 1 July 1982 and, as a result, the appearance of the city has been changed. A total of 655,000 trees were planted, an increase of 68.8 percent over the previous year, shrubs totaled 340,000, an increase of 46 percent, and grass 810,000 square meters, an increase of 19 percent. A total of 14 street green places were added during the year. Good achievements have also been made in improving urban environment and hygiene, 12 streets and 10 districts were improved and environmental hygiene in urban districts has also been gradually improved.

Progress has been made in environmental protection. Work in overcoming the source of pollution in Sanhuan Street has been speeded up. This work was combined with industrial readjustment that included improving, reforming, merging, removing and suspending and in 1982 a total of 122 points that seriously affected the life of population in Sanhuan Street were improved and by the end of the year, 466 out of the more than 800 serious pollution sources were improved. In order to overcome air pollution, 343 boilers were reformed in 1982 and 96 percent of the total of more than 6,100 boilers in the city have been reformed.

5. Traffic and Post and Telecommunications

Development has taken place in railway and highway transportation, civil aviation and post and telecommunications.

The number of passengers carried by railways was 32.05 million, 7.5 percent higher than the previous year. Cargoes were 30.65 million tons, an increase of 0.6 percent. But energy consumption has increased. The consumption

of standard coal per 10,000 tons/km was 1 percent higher than the previous year while the consumption and fuel oil increased by 1.2 percent.

Passengers carried through highways were 29.31 million, 3.8 percent higher than the previous year; passenger circulation volume was 900 million persons/km, an increase of 10 percent. Cargoes were 58.12 million tons, 5.77 percent higher, while cargo circulation volume was 1.07 billion tons/km, 14.5 percent higher. Highway transport fuel consumption has decreased. Per 100 vehicles/km diesel oil consumption of the municipal transportation company was 4.1 percent lower than the previous year, and gasoline consumption per 100 vehicles/km decreased by 2.4 percent.

The number of passengers carried by civil aviation was 788,000, 11.5 percent higher than the previous year and cargoes totaled 22,000 tons, an increase of 4.8 percent.

Total business volume of post and telecommunications was 140 million yuan, 9.8 percent higher than the previous year. The figure for postal business was 40 million yuan, 3.8 percent higher than the previous year; a total of 170 million letters were handled, 1.8 percent higher than the previous year and the figure for parcels was 3.246 million pieces, a drop of 7.6 percent. Total business volume of telecommunications was 100 million yuan, 12.3 percent higher than the previous year, long-distance telephone calls 6.807 million, 11.4 percent higher and telegrams 5.17 million, an increase of 9.3 percent.

6. Commerce

Sources of commodities were relatively ample, coupled with brisk markets in urban and rural areas. Total retail volume of social commodities was 7.33 billion yuan, 6.5 percent higher than the previous year (an increase of 4.5 percent after deduction for increases in retail price). Total retail volume of the units with ownership by the whole people was 6.12 billion yuan, 4.5 percent higher than the previous year and the figure for units with collective ownership was 1.11 billion yuan, an increase of 18.4 percent; individual retail volume was 13.52 million yuan, an increase of 1.5 fold; total retail volume by peasants to non-peasant buyers was 74.55 million yuan, an increase of 13.4 percent.

Of the total retail volume of social commodities, consumer goods sold to citizens increased by 3.8 percent, consumer goods sold to social organizations increased by 11.3 percent while sales of agricultural means of production increased by 30.2 percent. Peasant purchasing power has been improved considerably. Retail volume of nine prefectures in the outskirts of the city increased by 11.4 percent, 6.1 percent higher than the areas in the vicinity. Of retail volume of consumer goods, edible commodities were 2.82 billion yuan, 6.1 higher than the previous year. Sales of edible oil were increased by 16.1 percent, pork, beef and mutton increased by 12.6 percent, eggs increased by 16.9 percent, and sales of usable commodities were 2.42 billion yuan, an increase of 10.8 percent. Sales of bicycles increased by 24.2 percent, washing machines increased by 15.2 percent and refrigerators increased by 10.5 percent. Sales of clothing were 1.33 billion yuan, a

drop of 5.6 percent. Sales of chemical fiber fabrics and cotton fabrics respectively dropped by 20.7 percent and 5.3 percent.

There were a total of 30,672 retail shops and service points in the city, an increase of 5,827 over the previous years, with staff numbering 348,000, an increase of 38,000. Collective and individual commerce has made considerable achievement. The number of collective commercial points was 8,683, 1,041 more than the previous year, with staff coming to 113,000, an increase of 18,000. The number of individual commercial households was 12,000, an increase of 4,459 (by the end of the year, the number of individual households, including handicraft, house repairing and transport, was 13,000). By the end of the year, there were 41 agricultural free markets in urban areas, with transaction volume coming to 60.44 million yuan, 8.1 percent higher than the previous year. Free markets in rural areas numbered 66, with a total transaction volume of 47.37 million yuan, 25.4 percent higher than the previous year.

In 1982, the price index of workers' living expenses was 1.8 percent higher than the previous year. Retail prices of consumer goods increased by 1.96 percent while charges for service items increased by 0.14 percent. Food prices increased by 4.16 percent, the price of goods for cultural and recreation activities increased by 0.05 percent, for drugs increased by 1.37 percent, clothing prices decreased by 3.26 percent and for daily necessities decreased by 1.33 percent. Some shops and peddlers arbitrarily increased the price of certain commodities, thus increasing the burdens of consumers.

7. Foreign Trade and Tourism

Because of changes in international markets, total export value for the whole year was U.S.\$610 million, 3 percent lower than the previous year. Of this figure, agricultural, sideline and special native products decreased by 0.9 percent, light industrial products decreased by 4.9 percent and heavy industrial products increased by 3.3 percent.

During the year, a total of 457,000 foreigners, overseas Chinese, and Hong Kong and Macao compatriots from 143 countries and regions visited the city, 15.9 percent higher than the previous year. Foreign exchange income was equivalent to 250 million yuan, a growth of 23.2 percent. Three hotels, the Xiangshan, Jianguo and Huadu were built in 1982, making an addition of 1,395 rooms.

8. Financial Revenues and Expenditures

Financial revenues for the whole year were 4.71 billion yuan, 102.5 percent of budget and 4 percent lower than the previous year. Of this figure, enterprise income was 2.17 billion yuan, 15.6 percent lower than the previous year. Tax income was 2.43 billion yuan, an increase of 8.3 percent. Decreases in income of enterprises were mainly caused by decreases in the price of some industrial products and stockpiled commodities and increases in loan interest rates. If the financial revenues are decreased by objective

factors and calculated on a comparable basis, they are 5.7 percent higher than the previous year.

Expenditures for the whole year were 1.67 billion yuan, 73.9 percent of budget and 12.3 percent higher than the previous year.

9. Science, Education, and Culture

By the end of the year, there were 189 scientific research organizations under the municipality, 5 more than the previous year. The number of scientific technicians was 14,000, 1,000 more than the previous year and 282 outstanding scientific and research achievements won municipal people's government awards.

There were 51 institutes of higher learning across the city, with the number of students coming to 72,000. There were 32 university branches with 22,000 students. Polytechnic schools numbered 109 with 21,000 students, 165 technical schools with 10,000 students, and 930 ordinary secondary schools with 519,000 students. Progress has been made in reforming the secondary school educational structure. The number of ordinary senior secondary school students was 92,000, 83,000 less than the previous year. The students of vocational and agricultural schools and vocational and agricultural classes set up by ordinary secondary schools were 13,000, 4,000 more than the previous year. As the number of ordinary senior secondary school students has decreased while the number of vocational school students has increased, the ratio between the students receiving secondary vocational school education and the students receiving ordinary senior secondary school education has changed from 1 to 4.8 in the previous year to 1 to 2.1 in 1982. The number of ordinary junior secondary school students was 426,000, 3,000 more than the previous year. There were 4,381 primary schools with 855,000 students, 46,000 less than the previous year. Development has also been made in kindergarten education. By the end of the year there were 6,487 kindergartens, with the number of children receiving pre-school education coming to 224,000 and the number of infants taken care of by kindergartens was 85,000 and these two aspects made a total of 309,000, 29,000 more than the previous year.

Industrial and agricultural sparetime education has developed rapidly and people receiving this education numbered 960,000, an increase of 1.9 fold over the previous year. Of this figure, the number of staff and workers attending TV and sparetime high school education was 71,000, 28,000 more than the previous year. The number of those attending extracurricular cultural education and extracurricular technical education was respectively 198,000 and 107,000.

By the end of the year, there were 19 cultural centers and 324 cultural stations in various districts and prefectures. There were 22 libraries under the central government, municipality, and in districts and prefectures, with 16.76 million books and 2.284 million readers. There were 11 museums with 1.7 million collections in the city, coupled with 2,668 film projecting units, 99 theaters and 30 opera houses.

There are some problems that are yet to be resolved and they included shortage of cultural facilities, low efficiency in popularization and use of scientific research achievements, and slow process in the reform of secondary school educational structure.

10. Health and Sports

Developments have occurred in health undertakings. By the end of the year, there were a total of 4,389 health and medical organizations throughout the city, 254 more than at the beginning of the year. Urban and rural hospitals numbered 413, an increase of 10 while outpatient departments increased by 240 to 3,768. There were a total of 31,000 beds in rural and urban hospitals, 1,000 more than the previous year. The number of health technical staff was 84,000, 3,000 more than the previous year, and of this figure, there were 5,000 traditional Chinese medical doctors and 34,000 Western medical doctors.

Certain achievements have been made in sports. By the end of the year, there were 3 gymnasiums under the State Physical Culture and Sports Commission, 7 stadiums, 25 swimming pools and 83 grounds for various ball games. In their international and home competitions, sportsmen and teams from the city reached a world record, set a new Asian record, broke national records in 12 events and won 136 gold medals, 119 silver medals and 94 bronze medals. The number of secondary school students reaching state physical training standard was 155,000, 29.2 percent of total secondary school students.

But hospital beds and sports facilities still failed to meet needs.

11. People's Life

The living standard of the urban and rural population has been constantly improved. The end of the year saw 3.601 million staff and workers in the city, 133,000 more than early in the year. The number of staff of units owned by the whole people and of collective units was respectively increased by 75,000 and 58,000. Arrangement was made for a total of 136,000 youths during the year, of which 105,000 were entering new employment while 29,000 furthered their study or joined the army. Total wages for staff and workers in the whole year were 3.07 billion yuan, 7 percent higher than the previous year. Average wages were 863 yuan, 3.1 percent higher than the previous year. Statistics from 1,200 workers' households showed that average per capita income for living expenses was 563 yuan, 47 yuan more than in the previous year, and an increase of 9 percent. There were 86.4 TV sets per 100 households, an increase of 4.7 sets; tape recorders 28, an increase of 8, while washing machines increased by 6.5 to reach 18.8.

Rural economy in the vicinity developed quite rapidly and peasant income increased by a big margin. Each peasant, on the average, got 288 yuan from collective distribution and with an addition of income from family sideline production the total was 354 yuan, 77 yuan more than the previous

year or an increase of 27.8 percent (excluding other income such as remittances from staff working elsewhere). Increases in peasant income were followed by increases in the possession of durable consumer goods. Statistics drawn from peasant life in 480 households showed that there were 159 wrist watches per 100 peasant households, 36 more than the previous year, 33 TV sets, an increase of 19 sets and 61 big wardrobes, an increase of 20.

By the end of the year, total bank deposits of both urban and rural population were 2.18 billion yuan, 25.2 percent higher than the previous year. The deposits of urban and town population were 1.92 billion yuan, an increase of 21.9 percent while the deposits of the rural population totaled 260 million yuan, an increase of 56 percent.

12. Population

Statistics of household management departments showed that the permanent population of the city at the end of the year was 9.178 million, 170,000 more than at the start of the year. The agricultural population was 3.838 million, 56,000 more than the previous year, and the non-agricultural population was 5.34 million, an increase of 114,000. Of the increased population, natural increase was 128,000 and migration from other areas was 42,000. According to calculation of household reference materials, birth rate for the whole year was 20.04 percent, death rate was 5.68 percent and the rate of natural growth was 14.36 percent.

CSO: 4006/554

AGGREGATE ECONOMIC DATA

'NANFANG RIBAO' CARRIES GUANGDONG 1982 PLAN COMMUNIQUE

HK260900 Guangzhou NANFANG RIBAO in Chinese 9 May 83 p 2

["Communique on the Fulfillment of the 1982 Plan for Economic and Social Development in Guangdong Province, Issued by the Guangdong Provincial Statistical Bureau"]

[Text] Under the leadership of the CPC Central Committee, the State Council, Guangdong Provincial CPC Committee, and the provincial people's government, the people throughout the province have further implemented the principle of readjusting the national economy, persisted in the policy of opening to the outside world, stimulating the domestic economy, and persisted in implementing a special policy and flexible measures, and consequently they have made new achievements in developing the economy and in society to develop the national economy more healthily. Initial calculations show that national revenues for the year were 27.98 billion yuan, 9.1 percent higher than the previous year; gross industrial and agricultural output value was 41.499 billion yuan, an increase of 11.1 percent. On the basis of developing production, financial income has increased, the market situation has been brisk, prices are basically stable, new developments have been recorded in culture, education, health, and science and technology, and people's life has improved. While measures have been taken to build material civilization, new developments have also been made in the building of spiritual civilization. Now the main problems in the development of the national economy include: excessive investments in fixed assets; no considerable changes have been recorded in improving economic efficiency in production construction and communications; energy is in short supply, transport and communications are not in line with economic development, and education, science, and technology and culture are not in line with the needs for development of economic construction.

1. Agriculture

In 1982, the whole province continued to implement and perfect the various forms of the agricultural production responsibility system with the system of contracted responsibilities with payment linked to output as the main form; fine seed strains have been popularized, production initiative of the broad masses of peasants has been further mobilized, weather conditions in most regions were good, and consequently they have recorded good harvests

with overall development in agriculture, forestry, animal husbandry, sideline production, and fisheries. Gross agricultural output value across the province in 1982 was 14.281 billion yuan (including agriculture, forestry, animal husbandry, sideline production, and fisheries), 16 percent higher than in the previous year.

Of the gross agricultural output value, agriculture (planting crops) made up 7.997 billion yuan, an increase of 16.6 percent; forestry 1.354 billion yuan, an increase of 15.1 percent; animal husbandry 2.128 billion yuan, an increase of 17.9 percent; sideline production 2.079 billion yuan, an increase of 12.1 percent and fisheries 723 million yuan, an increase of 17.8 percent.

With the exception of jute and silkworm cocoons, the output of other major agricultural products such as grain, sugarcane, peanuts, fruits, and tea recorded an all-time high in fulfilling and overfulfilling state production quotas. Grain output totalled 38.565 billion jin, an increase of 17.3 percent over the previous year and, compared with the record output in 1981, represents an increase of 7.3 percent, or an additional 2.62 billion jin; total sugarcane output was 16.787 million tons, fulfilling production quotas by 124.3 percent, with an increase of 25.7 percent over the previous year; total output of peanuts was 13.02 million dan, fulfilling production quotas by 113.2 percent, a figure 9.5 percent higher than in the previous year. Output of jute was dropped because of decreased acreage. The following are records of the output of major agricultural products:

	1982	compared with 1981 (percentage)
Grain	38.565 billion jin	17.3
Sugarcane	16.787 million tons	25.7
Peanuts	13.02 million dan	9.5
Jute	1.5165 million dan	-41.6
Tea	320.700 dan	18
Silkworm cocoons	398,900 dan	-12.2
Fruits (pineapples, bananas, laichi and oranges)	8.9266 million dan	25.4
Flue-cured tobacco	457,600 dan	43.9

Total afforestation acreage across the province was 4.8 million mu, 4.7 percent higher than in the previous year.

Livestock products continued to increase. Gross output of pork, beef and mutton was 832,100 tons, 10.2 percent higher than in the previous year. The number of marketable pigs was 11.105 million head, 5.4 percent higher than in the previous year, while the number of marketable cattle was 4.583 million head, an increase of 7.9 percent. Stocks of pigs by the end of the year was 11.728 million, 10.2 percent higher than in the previous year.

Progress has also been made during the readjustment period in fisheries. Total marine products in 1982 were 829,000 tons, fulfilling production quotas by 124.7 percent, an increase of 17.5 percent over the previous year. Of this figure, the output of freshwater products increased by 19 percent.

With the exception of lemongrass, the output of major industrial crops has increased considerably. The output of natural rubber increased by 20.5 percent, pepper 47.3 percent, coffee 1.4 percent, and coconuts 16.2 percent.

The amount of arm machinery has increased. Total motive power of farm machinery across the province was 10.98 million horsepower, 9.7 percent higher than in the previous year; the number of big and medium-size tractors was 21,000; there were 158,500 walking tractors, an increase of 13.3 percent over previous year figures; farm-used heavy duty trucks numbered 20,600, 22.6 percent increase. The average amount of chemical fertilizer applied per mu of farmland was 19.8 kg (calculated on the basis of 100 percent efficiency), 1.8 kg higher than in the previous year; total electricity used in rural areas came to 2.278 billion kwh, an increase of 45.6 percent over the previous year.

In 1982, meteorological departments made relatively accurate and timely weather forecasts on particularly serious disastrous floods in Beijiang River and on violent typhoons. They have strengthened professional and specialized meteorological services and displayed positive roles in helping agricultural and other departments make use of advantageous conditions and avoid disadvantages as well as in protecting the life and property of the people.

2. Industry

In 1982, industry continued to develop during readjustment. Gross industrial output value for the whole year was 27.218 billion yuan, fulfilling state production quotas by 101.6 percent, a figure 8.7 percent higher than in the previous year.

Investigations made over 113 major planned products showed that 88 kinds of products, or 77.9 percent of all products, such as bicycles, sewing machines, cement, and coal and electric generating output, fulfilled and overfulfilled production quotas, and the other 25 products, 22.1 percent of all products, such as crude salt and timber, failed to fulfill production quotas.

In 1982, light industry and the textile industry stepped up the production of the products that were in short supply. Gross light industrial output value for the whole year was 17.591 billion yuan, an increase of 9.2 percent over the previous year and a higher growth than in heavy industry. Of the output of the 56 kinds of light industrial products that were included in planning, 44 kinds fulfilled or overfulfilled production quotas, a figure representing 78.6 percent of the total. The output of daily consumer goods such as tape recorders, sewing machines, bicycles, and refrigerators, that increased considerably in 1981, also continued to increase in 1982 and there were more varieties available.

The following are the output records of major light industrial products.

	<u>1982</u>	<u>compared with 1981</u> <u>(percentage)</u>
cotton yarns	59,000 tons	12.8
cotton fabrics	287 million meters	7.1
gunny bags	39 million pieces	12
silk	2,410 tons	3.7
machine-made paper and paper boards	336,700 tons	11.7
sugar	1,204,000 tons	8
crude salt	512,500 tons	-15.9
chemical drugs	1,244 tons	3.2
synthetic detergent	22,600 tons	40.5
bicycles	1,745,500	34
sewing machines	1.1 million	37.5
wristwatches	1,130,600	7
radios	580,400	-70.2
tape recorders	1,032,500	86.2
televisions	293,700	-15.2
washing machines	180,700	189.6
cameras	46,500	27.7
refrigerators	21,400	2.7-fold
electric fans	2,616,200	-10.8
bulbs	61.6416 million	6.3

Heavy industrial output value in 1982 was 9.627 billion yuan, an increase of 7.8 percent over the previous year. Of the output of the 57 kinds of products that were included in planning, 44 kinds fulfilled and overfulfilled production quotas and the other 13 kinds did not meet production quotas. Compared with the previous year, the output of 25 products increased and 19 decreased. Electric output increased by 11.4 percent, cement 15.9 percent, and plate glass 39.7 percent.

The following are the light industrial output records.

	<u>1982</u>	<u>compared with 1981</u> <u>(percentage)</u>
coal	8,126,000 tons	12.3
volume of crude oil processed	6.223 million tons	7
electric output	13.63 billion kwh	11.4
steel	429,900 tons	7.8
pig iron	433,900 tons	-3.1
finished steels	483,600 tons	3.2
timber	1.4303 million cubic meters	-10.1

[Table continued]

1982

compared with 1981
(percentage)

(under state unified distribution)

cement	6,169,300 tons	15.9
plate glass	653,500 standard boxes	39.7
sulphuric acid	671,000 tons	-0.5
caustic soda	71,200 tons	2.2
chemical fertilizer		
(100 percent)	643,700 tons	-1.3
walking tractors	23,223	9.8

Industrial economic efficiency has improved. Labor productivity of staff and workers of industrial enterprises with ownership by the people was 11,436 yuan, 3 percent higher than in the previous year; the quality of 91 of the 110 major products was higher than in the previous year; energy consumption per 10,000 yuan output value was 3.4 percent lower than in the previous year; of the 55 products with comparable energy consumption standard, 35 consumed less energy than in the previous year, representing 64 percent of all products; profits grew by 4.1 percent. But part of the products still had lower economic efficiency, with profits handed over to higher departments dropping by 3.4 percent; profit and tax created by each 100 yuan of industrial output value were 2.1 percent lower than in the previous year; the cost of comparable products increased by 1.4 percent. A number of enterprises suffered losses, with the range of losses reaching 28.6 percent.

3. Investments in Fixed Assets

The units with ownership by the people across the province invested 5.63 billion yuan in fixed assets; the units with collective ownership in urban and rural areas invested 1.15 billion yuan; the investments made by individuals in rural and urban households totalled 2.28 billion yuan.

Of the total investments by the units with ownership by the people, 3.747 billion yuan was invested in capital construction, 568 million yuan more than in the previous year and an increase of 17.9 percent (of the state capital construction, local investments were 419 million yuan, an increase of 1 percent than in the previous year; investments by the central government were 610 million yuan, 23.7 percent higher than in the previous year). Investments in renewing and reforming were 1.88 billion yuan, 1.24 billion yuan more than in the previous year and 1.9-fold increase. The investments in these two aspects were 1.81 billion yuan higher than in the previous year, an increase of 47.4 percent. Considerable increases in investments in fixed assets were attributed to big increases in domestic loans and the use of foreign capital and investments in construction in special zones. Domestic loans increased by 96.6 percent; the use of foreign capital increased 1.1 times and the investments in special economic zones increased by 2.6 times.

Of the total investments in fixed assets in units with ownership by the people, 3.1 billion yuan or 58.6 percent were used in productive construction, and 2.33 billion yuan or 41.4 percent were invested in non-productive construction. Of the total investments, investments in transport and communications and post and telecommunications increased by 66.9 percent, investment in light and textile industries increased by 64.4 percent, housing increased by 54.3 percent, science, culture, education and health increased by 27.3 percent, and urban public utilities increased by 84.3 percent.

Newly added fixed assets in 1982 across the province were 4 billion yuan, with the delivery and utility rate of fixed assets 0.4 percent higher than in the previous year. The cycle of capital construction and the railway circulation of renewing and reforming items was 5 months shorter than in the previous year. The number of projects completed and put into production across the province totalled 7,796, and the percentage of those put into production was 10.2 percent higher than in the previous year. The main productivity and efficiency added to the units with ownership by the people in the year included generating units with a total capacity of 123,200 kw (of which hydropower was 109,500 kw), 388.8 km-long power transmission lines above 110,000 watts, 705,300 tons of cement, a daily processing capacity of 17,400 tons of raw materials in producing machine-made sugar, 49,000 cotton textile spindles, 408,400 square meters of commercial networks and points, 667,000 square meters of new university buildings, secondary and primary school buildings, 187,300 seats for students, and a daily capacity of 241,600 tons of running water.

Although the growth of investments in capital construction throughout the province slowed in 1982, investments in fixed assets were excessive while building materials were in short supply.

Geological work was strengthened in 1982, a number of ore sites have been found and appraised and a number of ore deposits have been located.

4. Transportation and Post and Telecommunications

With the exception of highway transportation departments, the handling volume of specialized transport departments across the province, including railways, shipping, civil aviation, and major harbors, in 1982 met state plans and recorded varying degrees of growth. The volume of goods circulated by various transportation facilities during the year was 123.9 billion tons/km, an increase of 4.8 percent over the previous year. The volume of circulation of goods handled by railways was 7.372 billion tons/km, a growth of 3.6 percent; the volume of circulation of goods handled by waterways was 115.67 billion tons/km, an increase of 4.8 percent; and by highways, 891 million tons/km, an increase of 1.4 percent, while the goods handling volume of major coastal harbors was 33.24 million tons, an increase of 11.7 percent.

Passenger circulation volume by various transportation facilities of transportation departments was 13.985 billion persons/km, an increase of 7.4 percent, of which the figure for railways was 3.061 billion persons/km, an increase of 2.7 percent; the figure for water transportation was 1.894 billion persons/km, an increase of 2.2 percent; and the figure for highways was 9.023 billion persons/km, an increase of 10.3 percent.

Total operating volume of post and telecommunications departments across the province in 1982 was 128 million yuan, an increase of 2.1 percent over the previous year, of which letters decreased by 0.5 percent, telegrams decreased by 5.7 percent, and long-distance telephone calls increased by 5.7 percent.

Economic efficiency of transportation and post and telecommunications departments improved in 1982. The average daily output of railway cargo transportation locomotives (Guangzhou Railway Sub-bureau) was 3 percent higher than in the previous year; profit increased by 16.5 percent and energy consumption per 10,000 tons/km by internal combustion locomotives was 1 percent lower than in the previous year; labor productivity of staff and workers of water transportation enterprises under the Ministry of Transportation was 3.8 percent higher than in the previous year; the average annual transportation volume for per-ton carrying capacity was 3.6 percent higher than in the previous year; profits increased by 11.3 percent and the profits made by post and telecommunications enterprises was 1.4 percent higher than in the previous year. But labor productivity of railway and highway transportation has dropped.

At present, the capacity of transportation of the Guangdong sector of the Beijing-Guangzhou railway, harbors and the capacity of post and telecommunications are still not in line with the needs for development of the national economy. Safety in transportation is yet to be improved while serious accidents have occurred on railways, civil aviation, highways, and water transportation. In order to ease the contradiction in railway transportation, projects have been stepped up in the building of double tracks on the Hengyang-Guangzhou railway.

5. Domestic Commerce

The volume of commodities purchased by commerce with ownership by the people in 1982 was 17.889 billion yuan, 3.9 percent higher than in the previous year. Of this figure, the purchase of industrial products was 12.16 billion yuan, an increase of 1.9 percent; the purchase of agricultural and sideline products was 5.599 billion yuan, an increase of 11.9 percent, or 7.5 percent after deduction of price increases; the purchase of commodities through negotiation increased by 14.1 percent. The purchase volume of most major industrial and agricultural products was higher than in the previous year. The purchase of sewing machines and bicycles increased by 24.8 percent and 37.8 percent, respectively; the purchase of grain, sugar, and live pigs increased by 21.5 percent, 18.1 percent, and 17.2 percent, respectively, while the purchase of marine products increased by 32.4 percent.

Total social retail volume of commodities in 1982 was 20.318 billion yuan, an increase of 15.6 percent over the previous year's figure and, with a deduction of increases in retail price, the actual increase was 12.8 percent. The retail volume of the units with ownership by the people increased by 11.5 percent, collective-owned units increased by 19.2 percent, and individual commerce increased by 98.5 percent, and the retail sales volume made directly by peasants benefiting the nonagricultural population was 24.2 higher than in the previous year.

Supplies of commodities were ample in domestic markets in 1982 and more varieties of products were available. Compared with the previous year, retail volume of major consumer goods was as follows: Grain increased by 17 percent (excluding the grain sold as an award for producing sugarcane), edible oil increased by 11.8 percent, pork increased by 9.8 percent, sugar increased by 14.9 percent, sewing machines increased by 64.3 percent, bicycles increased by 55.7 percent, wristwatches increased by 26.7 percent, radios increased by 1 percent, tape recorders increased by 9.1 percent, televisions increased by 28.4 percent, cotton fabrics decreased by 4.1 percent, and synthetic fiber fabrics decreased by 15.1 percent. By the end of 1982, total volume of the stocks of commodities of commerce owned by the people increased by 7.4 percent and part of the low quality, high priced and unsalable commodities was stockpiled.

Prices throughout the province were basically stable in 1982 but the general level of retail prices was 2.3 percent higher than in the previous year. The real wage living for staff and workers was 2.6 percent higher than in the previous year while the general level of purchase prices of agricultural and sideline products were 4.1 percent higher than in the previous year.

With regard to changes in the state price list, the price of clothing decreased by 2.5 percent, food increased by 2.6 percent (including a 10 percent increase in the prices of non-staple foods under the state list price, monopolized price, and free market price), the price of daily necessity goods remained stable, the price of goods for cultural and recreational use increased by 0.7 percent, drugs increased by 0.7 percent, and fuel increased by 7.7 percent.

In 1982, the retail price of some industrial products was lowered, bank loan interest rates were increased while the management of enterprises was backward and consequently, the economic efficiency of commercial departments declined to varying degrees. Circulation expenses of the commodities under the commercial bureau system increased from 7.2 percent in the previous year to 7.8 percent in 1982, with profits decreasing by 8.7 percent. In the supply and marketing cooperative system, commodity circulation expenses increased from 11 percent in the previous year to 11.4 percent in 1982, while profits decreased by 47.3 percent.

6. Foreign Trade, Tourism and Special Economic Zones

In 1982, 140 national markets were dull and commodity prices dropped, and yet under such condition, foreign trade departments in the province

fulfilled purchasing and export quotas for the whole year. Foreign trade purchases throughout the province (including industrial and agricultural trading companies) totalled 5.157 billion yuan, an increase of 7.1 percent over the previous year. Total export value from Guangzhou harbors was 4.175 billion yuan and, with a deduction of price changes, the value was at the same level of the previous year. Foreign exchange income from the harbors was also at the same level of the previous year. Income from remittances by overseas Chinese increased by 12.4 percent.

In the past year, the province signed 8,198 contracts with businessmen. These contracts included processing and assembling for foreign companies, medium- and small-scale compensation trade, joint management, joint ventures, and business management with independent capital. This figure was 19.6 percent higher than in the previous year. The amount of import of capital equaled more than 500 million yuan, which was 15.1 percent lower than in the previous year, and of which the net income from processing and assembling for foreign companies was equivalent to 270 million yuan (including compensation trade), 21.7 percent higher than in the previous year.

Tourism in the province made a new development in 1982; the number of tourists continued to increase while service facilities in key resorts were improved. For the whole year, the number of incoming and outgoing tourists was 7.33 million and foreign exchange income from tourism was 210 million yuan, an increase of 18.9 percent over the previous year.

Construction in special economic zones was speeded up in 1982. The Shenzhen and Zhuhai zones completed capital construction with total investments of 765 million yuan. The construction in Shenzhen increased by 3.1-fold and in Zhuhai increased by 1.2-fold. The construction of export-oriented processing areas in Shantou have been started. Following years of construction, Shenzhen has now been turned into an economic zone of considerable scale while the construction of two new industrial areas and municipal administration projects have been stepped up. Measures have also been taken in Zhuhai to continue to complete the construction of infrastructures such as navigation, land transportation, water supply, electricity, telecommunications, and levelling of land. The building of these projects have also been speeded up.

7. Science, Education, and Culture

In 1982, there were 260,000 scientific and technical staff in units with ownership by the people throughout the province. A total of 138 excellent scientific and technical achievements were awarded in various fronts across the province, of which agricultural achievements numbered 21, industry 97, and medical and health 20; of this figure, 35 were considered major achievements.

In 1982, there were 33 institutes of higher learning in the province, 2 more than in the previous year. The number of university students was 44,000, and because two graduation ceremonies (for students enrolled in

1977 and 1978) were carried out in 1982, the number of students was 3,500 less than in the previous year. The number of new students enrolled was 12,600, or 2,400 more than in the previous year. High school education for adults (including broadcast television colleges, correspondence colleges, evening colleges, and staff and workers colleges) was reformed, with the number of students enrolled at 21,500, a drop of 13,000 from the previous year.

Reforms of secondary school education were continued in 1982 and consequently the teachers' teaching level and the quality of education were improved. The number of students in polytechnic schools (including secondary teachers schools) was 34,000, or 8,000 more than in the previous year. The students in ordinary secondary schools were 2.26 million, a drop of 192,000. The number of students in agroschools and professional schools was 20,000, a level equal to the previous year. The number of students receiving adult secondary school education was 32,300, or 2,700 more than in the previous year.

The number of primary school students in 1982 was 8.117 million, 135,000 less than in the previous year. Kindergarten education developed, with the number of children receiving education coming to 646,500, or 97,000 more than in the previous year. Measures also have been taken by various units to train cadres and staff.

Decreases in the number of secondary school students are attributed to the fact that during reform, ordinary secondary schools did not take measures to develop agricultural secondary schools, professional secondary schools, and technical schools. Decreases in the number of primary school students were mainly caused by decreases in the number of school-age children. In addition, some students in secondary and primary schools in rural areas have suspended their study.

In the cultural sector, literature, art, movies, broadcasting, TV and publications made progress during reform in 1982 and these aspects made contributions in the building of socialist spiritual civilization. In 1982, Zhuyuan studio produced nine feature films. A total of 136 feature films were distributed in 1982. There were 6,642 film projecting units of various kinds in the province in 1982, 190 art performing troupes, 116 cultural centers, and 198 libraries. There were 5 broadcasting stations in the province, 12 transmitting and relaying stations, 1 television station and 15 television transmitting and relaying stations above 1,000 watts. A total of 491 million newspapers were circulated, an increase of 190 million over the previous year; 45.87 million magazines of various kinds were published, an increase of 1.84 million; and a total of 247 million picture books were published.

6. Health and Sports

Health organizations made progress during reform in 1982. By the end of 1982, the number of hospital beds was 107,000, an increase of 1.9 percent over the same period last year. Specialized health technical staff totalled

186,000, an increase of 5.7 percent over the same period last year. There were 68,000 doctors and 34,000 nurses.

The province made excellent achievements in sports in 1982. In international and domestic competitions, an athlete from the province won a world championship in one event; three athletes broke the world record in two events; one athlete equaled a world record in one event; an athlete broke the world youth record in one event; 11 athletes broke Asian Games records in 11 events; two athletes broke Asian records in 2 events; and 37 athletes broke the national records in 40 events. Athletes of the province won 61 gold medals, 18 silver medals, and 11 bronze medals in world and international competitions, and 139 gold medals, 122 silver medals, and 96 bronze medals in national competitions. A total of 350,000 people across the province reached "state sports training standard," coupled with vigorous development of sports activities by the masses.

9. People's Life

People's standard of living in rural and urban areas in the province was further improved in 1982. Random investigations made on the income of 888 peasant households in 28 prefectures showed that annual per-capita average income (including agricultural, sideline production income, and income through distribution) was 381.79 yuan, an increase of 56.42 yuan, or 17.3 percent, and after deductions for price changes, this figure represented an increase of 12.7 percent. The investigations on the income and expenses of 450 worker families in urban areas showed that average per-capita income used in living expenses in the whole year was 625.8 yuan, an increase of 75.7 yuan, or 13.8 percent, and after deduction for increases in the price index of workers' living expenses, the actual growth of income was 10.9 percent.

In 1982, employment was arranged for 375,000 youths that were waiting for jobs, and other people and university and secondary school students that were given jobs through state unified placement. By the end of 1982, the total number of staff and workers across the province was 7.032 million, or 251,000 more than in the same period last year, while the number of individual laborers in rural and urban areas was 135,000, or 6,000 more than in the same period of the previous year.

Total payroll for the staff and workers throughout the province in 1982 was 6.392 billion yuan, an increase of 830 million yuan, or 14.9 percent over the previous year's figure. Average wages were 937 yuan (including bonus and subsidies), an increase of 83 yuan, or 9.7 percent over the previous year, and after deduction for increases in the price index of living expenses, the average per-capita wage growth was 6.9 percent.

Both the urban and rural population had total bank deposits of 6.07 billion yuan in 1982, 30.7 percent higher than in the previous year.

In 1982, the units with ownership by the people built new houses with a total space of 7.4 million square meters, a 22.5 percent increase over the previous year; the houses built by collective units totalled 1.55 million square meters, an increase of 34.8 percent. The number of commercial, catering, and service networks and points was 305,000, an increase of 54,500.

Yet there are some problems in people's life, including that the living conditions of part of the population are yet to be improved while some units are still distributing at will awards and various subsidies.

10. Population

Total population across the province in 1982 was 59.867 million, 1.027 million more than in the previous year. The birth rate in 1982 was 23.2 percent, and the death rate 5.9 percent, with the rate of natural growth at 17.3 percent.

Note: The national revenues were calculated on the basis of prices in 1982 while growth speed was calculated according to comparable basis; industrial and agricultural gross output value was calculated on the basis of unchanged prices in 1980.

CSO: 4006/554

AGGREGATE ECONOMIC DATA

JIA CHONGZHI DELIVERS SHANXI SIXTH 5-YEAR PLAN REPORT

SK250559 Taiyuan SHANXI RIBAO in Chinese 3 May 83 pp 1-3

[Report by Deputy Governor Jia Chongzhi on the Sixth 5-year Plan, delivered at the first session of the sixth provincial people's congress on 23 April]

[Text] Fellow deputies: On behalf of the provincial people's government, I would like to make the report on the province's sixth 5-year (from 1981 to 1985) plan for the national economy and social development.

1. On the Basic Tasks of the Sixth 5-Year Plan

The 12th CPC Congress and the 5th session of the 5th NPC have set forth the strategic target, emphasis and steps for the country's economic construction. The target and steps urge the people across the country, on the premise of steadily increasing economic returns, to quadruple the national industrial and agricultural annual output value by the end of this century. The plan has been divided into two parts--in the first 10 years, we should chiefly lay a good foundation, conserve our strength and create favorable conditions; in the latter 10 years, we will open a new period of economic prosperity.

An important step in the plan for fulfilling the grand target in the 20 years is to continuously implement the principle of readjusting, restructuring, consolidating and upgrading and, on the premise of upgrading economic returns, to accelerate the pace of building our province into a base of coal, heavy and chemical industries. Efforts should be made to further tackle various problems left over from the past which have hindered economic development and to lay much better foundation and to create much better conditions for the implementation period of the seventh 5-year plan. According to the principles mentioned above, during the implementation period of the sixth 5-year plan, the province plans for production volume for the people's income to total 52.95 billion yuan, a yearly average increase of 6.5 percent. The province's gross investment in fixed assets will reach 12.67 billion yuan. It will build a number of new projects up to modern standards and will emphatically conduct technical transformation among a number of enterprises. The 1985 funds used for developing educational undertakings will surpass the 1980 figure by 62.5 percent. The per capita consumption level will be upgraded by 38.6 percent, showing a yearly average increase of 6.7 percent. During the implementation period of the sixth 5-year plan,

the province plans to maintain a basic balance between revenue income and expenditures on loans to have a little surplus and to realize basic stability in commodity prices. Therefore, the sixth 5-year plan is a period in which the province will achieve steady development while conducting readjustment, will further make progress in realizing the four modernizations and will see continuous improvements in people's livelihood.

(1) On Developing Speed and Economic Returns of Industrial and Agricultural Production.

The important principle set forth by the plan for industrial and agricultural production is, on the premise of increasing economic returns, to maintain an adequate pace in developing industrial and agricultural production. Under the plan, by 1985 the province's annual industrial and agricultural output value will reach 23 billion yuan, surpassing the 1980 figure of 16.97 billion yuan by 35.5 percent and showing a yearly average increase of 6.3 percent. Of these increases, the agricultural value will increase from 5.17 billion yuan in 1980 to 7 billion yuan in 1985, showing a yearly average increase of 6.2 percent. In the increase in industrial value, the light industry value will show a yearly average increase of 5.7 percent and the heavy industry value, 6.5 percent.

By 1985, the province's grain output will reach 17 billion jin, showing a yearly average increase of 4.4 percent; cotton output will reach 2.5 million dan, showing a yearly average increase of 10 percent; oil-bearing seed output will reach 4.5 million dan, showing a yearly average increase of 11 percent; rice output will reach 5.4 million dan, showing a yearly average increase of 18.5 percent; cocoon output will reach 60,000 dan, showing a yearly average increase of 9.5 percent; pork, beef and mutton gross output will reach 520 million jin, showing a yearly average increase of 8.5 percent; afforestation acreage will reach 2.3 million mu; cotton yarn output will reach 500,000 jin, showing a yearly average increase of 3.3 percent; sugar output will reach 35,000 tons, showing a yearly average increase of 26 percent; and raw coal output will reach 164 million tons, showing a yearly average increase of 6.3 percent. Of this raw coal output, the output of collieries whose products are distributed under the state's unified plan will reach 79 million tons, showing a yearly average increase of 3.3 percent; the output of local collieries at or above the county level will reach 35 million tons, showing a yearly average increase of 8 percent; and the output of collieries run by communes and brigades will reach 50 million tons, showing a yearly average increase of 10.8 percent. The province's power output will reach 17 billion KW, showing a yearly average increase of 7.2 percent; steel output will reach 1.7 million tons, showing a yearly average increase of 2.6 percent; synthetic ammonia output will reach 600,000 tons, showing a yearly average increase of 2.1 percent; chemical fertilizer output will reach 400,000 tons, showing a yearly average increase of 2.7 percent; cement output will reach 3.5 million tons, showing a yearly average increase of 4 percent; plate glass output will reach 1.25 million standard boxes, showing a yearly average increase of 15.4 percent; output of television sets will reach 80,000, showing a yearly average increase of 27.4 percent; and the volume of rail freight will reach 170 million tons, showing a yearly average increase of 7 percent.

From 1950 to 1979, our province's total industrial output value increased at an annual average rate of 8.3 percent. During the sixth 5-year plan period, our province plans to increase the industrial output value at an annual average rate of 6.3 percent. That speed is even lower than the rate of the earlier period. The task for readjusting industry is arduous and complicated. We have failed to make a turn for the better in the pressure on communication and transportation, and, in the past 28 years, our industry achieved poor economic results though with a high speed of development. Therefore, our province plans to set a low speed of development on the premise of raising higher economic results during the sixth 5-year plan period. Compared with the past, the sixth 5-year plan sets higher demands for continuously improving the quality of products and their designs and colors to suit the needs of the society and for greatly reducing the consumption of materials for each unit produced. Focusing on raising the economic results is a speciality of the sixth 5-year plan.

(2) Concerning the Scale and Priorities of Capital Construction and Technical Transformations in Enterprises.

During the sixth 5-year plan period, our province's total investment in capital construction will be 9,567 million yuan, a 29.4 percent increase over the fifth 5-year plan's 7,395 million yuan. Of this amount the investment in the projects directly under organs of the state ministries and commissions is 6,590,920,000 yuan, increasing 125 percent. The investment in local projects is 2,976 million yuan, a reduction of 56 percent. Some 6,362 million yuan is arranged for energy, transport, chemical industry, and raw material industry, accounting for 66.5 percent of the total investment in the projects directly under organs of the state ministries and commissions and special funds. Of these, the investment in coal is 2.7 billion yuan; power, 957 million yuan; railway, 1,173 billion yuan; and nonferrous metal, 331 million yuan. We must try every means possible to ensure the construction of key state projects.

The total investment in local revenue is 600 million yuan and the annual average investment is 120 million yuan. Funds for coal and local extra financial resources are 2,376 million yuan. Local investment focuses on developing energy, transport, agriculture, intellectual ability, and building materials. Proper arrangements should be made to allocate special funds to substitute coal for oil on energy and transport fronts. The agricultural department is allocated 338 million yuan, accounting for 11.4 percent of the total investment. Some 263 million yuan or a 8.6 percent of the total investment is allocated to scientific, cultural and educational departments. Four of the 10 local large and medium-sized projects are planned for completion and for beginning operation during the sixth 5-year plan period. The other six will be transferred for completion in the "seventh 5-year plan" period. Some 71 or about 3/4 of the 100 small projects (not including local coal projects) have their completion demanded during the "sixth 5-year plan" period, the other 29 will be transferred for completion in the "seventh 5-year plan" period. Local departments plan to increase new production capacity. They mainly include 25 million tons of annual coal mining capacity, 620,000 mu of newly increased irrigation

acres, 100,000 meters of printing and dyeing cloth, 8,000 tons of sugar, 5,000 tons of beer, 3,000 tons of distilled spirits in Fenyang, 28,000 tons of soda ash, 110,000 tons of urea, 20,000 tons of sulphuric acid, 480,000 tons of cement, 500,000 standard boxes of plate glass, 20,000 tons of cold storage capacity and an annual output of 10,000 tons of urban coal gas. Ten projects have been selected for linking the work between the "sixth 5-year" plan and the "seventh 5-year" plan. Funds should be allocated to make preliminary preparation for economic and technical demonstrations, prospecting and designs.

During the "sixth 5-year" plan period, capital construction should focus on tapping potentials and conducting technical innovation and transformations among existing enterprises. The key to conducting technical transformation among existing enterprises is to economize on energy and raw materials, improve product mix and technology, raise the function and quality of products and increase the productive forces of some products that are urgently needed and in short supply in the society. In the next 5 years, we will control investments in renewing equipment within 2.5 billion yuan. Of this, 300 million yuan will come from the state treasury, 800 million yuan from bank loans, and 1.4 billion yuan from the localities, departments, and enterprises themselves. Such investments will be used for the following purposes: in coal industry, we will develop and expand coal pits and update equipment, improve labor conditions, and strengthen production safety measures. In the power industry, we will transform power networks, adopt power and water conservation measures, and eliminate major defects in equipment. In the textile industry, we will concentrate efforts on improving techniques and strengthening the capacity of the aftertreatment of chemical fabrics in printing and dyeing. In light industry, we will concentrate on improving product mix, giving full rein to our superiority, increasing designs and varieties and increasing products in short supply. In the metallurgical industry, we will speed up the construction of new mines to replace the inadequate capacity of old mines, increase product varieties, raise the production rate, and reduce the overall consumption for each unit produced. In the chemical industry, we will concentrate on transforming backward equipment and updating products. Speeding up the technical transformation of the machinery industry is of great importance in fulfilling the above tasks. Therefore, we must ensure that technical transformation in this field must be carried out first. In science and technology for national defense and the national defense industry, we must implement the principles of "maintaining close ties with army-men and civilians, combining peacetime with wartime operations, giving priority to producing military products, and depending on the people's support for military supplies" and of "narrowing the scope of the capital construction front, giving priority to key projects, attaching importance to scientific research and speeding up the updating of equipment." All departments must strengthen management over the funds set for updating equipment and technical transformation and properly use special funds for special purposes. All transformation projects must go through examination procedures and be included in the plan for implementation after approval. If we do a good job in adopting technical measures, we will witness a gratifying change in the production and technical sectors of the national economy after several years of hard work.

(3) On the Development of Educational, Scientific and Cultural Undertakings.

Continuously improving educational standards and the scientific, technological, and cultural undertakings of all the people is an important condition for ensuring the construction of the modernized material civilization as well as an important point for strengthening the building of the spiritual civilization. During the sixth 5-year plan period, earnest efforts must be made to readjust the regular senior middle schools and secondary vocational schools, to carry out consolidation and reform, to fully tap potentials, and to undertake more fostering and training tasks. We must strive to improve the quality of education, vigorously and steadily expand the scope of training programs, and actively carry out all forms of senior middle school and secondary specialized educational courses for adults so as to foster more specialized competent persons with senior middle school and secondary vocation school educations to meet the needs of the socialist modernization construction. By 1985, we will enroll 9,725 students into regular senior middle schools and vocational schools, an increase of 17.4 percent over 1980. Students studying in schools will reach 34,292 persons, an increase of 8 percent over 1980. We will have 40,991 college graduates in 5 years. Under the plan, by 1985, the province as a whole will enroll 140 postgraduates, an increase of 8.3 times that of 1980. The number of postgraduates studying in graduate schools will reach 313 persons, an increase of 43.6 percent over 1980. About 367 postgraduates will graduate from schools in 5 years. By 1985, secondary vocational schools will enroll 18,000 students and the number of students studying in these schools will total 48,627 persons. We will have 83,261 secondary vocational school graduates in 5 years. Meanwhile, efforts must be made to vigorously develop television, correspondence, night, worker, and peasant universities. By 1985, the number of students attending senior high schools for adults will reach 22,430 persons. During the "sixth 5-year plan" period, we must formulate plans to predict how many specialized persons our province will have in 10 to 20 years and formulate training plans in line with the long-term needs of our province in building coal and heavy chemical industrial bases and the economy. During the "sixth 5-year plan" period, while making preparations for building specialized institutions of higher learning such as the coal and chemical industrial institutions, we must encourage engineering institutes, where conditions permit, to add economics and managerial departments and must set up economics and managerial institutes at the appropriate time. Vigorous efforts must be made to develop technical schools and short-term vocational universities and strive to raise the proportion of specialized courses in universities. We must properly expand the training scope of specialized persons in the public security, financial and economic, managerial, coal, metallurgical, light industrial, textile, construction, and general-purpose machinery specialities and attend to building the ranks of teachers. We must also do a good job in fixing five areas--tasks, specialities, the schooling system, the scale of departments, and the authorized size of staffs. During the sixth 5-year plan period, the existing schools should basically fill the gaps so as to complete the construction of all departments and branches covered by the prescribed plan prior to the seventh 5-year plan period. In the meantime, a specific amount of special funds should be allocated to the colleges and universities

ness, the provincial authority to build advanced teaching and laboratory facilities, to raise the utilization rate of classrooms, laboratories, libraries, and teaching rooms, and to improve the purchase, maintenance and management of instruments and equipment. In addition, specialities in the specialties of higher education should be readjusted and their teaching methods improved. During the sixth 5-year plan period, it is necessary to vigorously develop preschool education, strengthen primary schools, consolidate and upgrade senior middle schools, readjust and reform senior middle schools, vigorously develop vocational and technical education, encourage the practice of learning proficient through independent study and actively eliminate illiteracy so as to lay a good foundation for raising the scientific and cultural levels of the people across the province. We should strive to make primary school education universal by 1985 in most counties where the economy is relatively well developed and the educational basis is comparatively good. We should also create conditions for other localities to enable more and more school-age children to attend school. We should make senior middle school education universal in the cities with good conditions and in the localities where the production is well developed. Schools of all types and levels should try to enhance the professional competence of the teachers and their teaching level in an all-round way and gradually to improve the conditions for both teaching and learning.

In science and technology, we will aim at economic construction and give first priority to tackling major problems in scientific and technological research projects which will bring about tremendous economic results to the national economy. We should put into wide use the verified results of scientific and technological research projects, digest and absorb the important technologies, and actively organize a force to tackle problems in scientific and technological research projects. While focusing on research in development and application, we should step up basic research, encourage the masses to raise national suggestions, and conduct activity of technical renovation. During the "sixth 5-year plan" period, we should strive to narrow the gap between the provincial level and the advanced national and international levels in terms of science and technology so as to improve the production and technology of some major professions and trades in the national economy and to make a good reserve of scientific and technological forces, which will be essential to the development of the "seventh 5-year plan." In developing agricultural technology, we should attach importance to popularizing the varieties of crops and the technology of increasing output from a large acreage. Meanwhile, we should step up the popularization of technology for developing diversified undertakings, rural electrification, and birth control. In industry, we should focus on the popularization of new technologies, product decoration and handling skills, and fabric dyeing technology. We should also put into wide use the energy conserving and utilization techniques and the coal mining machines which are suitable for the local small and medium-sized mines in our province. In the building materials industry, we should put into wide use the new technology of utilizing the large amount of nonmetal materials and industrial waste residues in our province to produce building materials. In the chemical industry, we should popularize the advanced gasification technology, new coking technology, coal tar processing and separating technology, and new metallurgical and electrical technologies.

While focusing on the development of natural science, we should pay attention to developing social science and should organize the personnel engaging in the research of philosophy and social science to tackle major problems in the basic theory of Marxism, in economics, and in the current economic development. With creative research achievements, we can make more contributions to the building of a socialist country characterized by a high-degree civilization and democracy and to creating a new situation in all fields of socialist modernization.

During the sixth 5-year plan period, all the cultural undertakings, such as literature, art, film, TV, radio, press, publishing, cultural relics, libraries, museums, and cultural houses, as well as the sanitary and sports undertakings will be developed accordingly. The literary and artistic undertakings should follow the direction of literature and art serving the people and socialism, the principle of "letting 200 flowers blossom and 200 schools of thought contend" and the principle of "making the past serve the present and foreign things serve China." In the next 5 years, a group of new movie theaters and opera houses should be established in new residential zones, industrial and mining zones, and the areas which lack theaters. During the "sixth 5-year plan" period, great efforts should be made to develop press and publishing cause. The publishing volume should increase by 4 percent per year. In addition, we should change the backwardness of printing technology, raise the publishing quality, shorten the publishing period, and actively expand the construction of the XINHUA bookstore network.

In broadcast and television undertakings, we must upgrade and modernize some equipment, appropriately set up some necessary new units, improve and strengthen the means of signal transmission, link all broadcast stations in the eastern, western, southern, northern, and central parts of the province, bring them to a larger audience, and improve the quality of broadcasts. Special attention must be paid to cultural undertakings, including striving to build more cultural relics stations and museums. Further efforts must be made to reinforce galleries and cultural halls in various cities and counties and to develop cultural centers in villages and towns and cultural stations in communes and neighborhoods. We must continue to launch the mass patriotic public health campaign, drop the incidence of diseases, and eliminate some serious infectious diseases that have not been thoroughly brought under control. During the "sixth 5-year plan" period, we must adhere to the principles of giving equal consideration to the urban and rural areas and of combining traditional Chinese medicine with Western medicine, strengthen medical services at all levels in cities and towns, increase the number of hospital beds and of professional medical workers, and further improve the public health conditions for the people. We must exert efforts to raise the level of birth control techniques and ensure the fulfillment of the population control plan. It is necessary to develop sports activities in cities and towns, establish and improve all physical culture and sports organs, attend to sports training, universally improve the physique of the people, and to strive to improve the technical level of sports activities.

(4) In Strengthening Economic Cooperation and Expanding Foreign Trade.

During the sixth 5-year plan period, we must intensify prediction on international markets, study the changes of market trends, readjust the structure of imports and exports in a timely manner in line with the actual situation of our province's industrial and agricultural production, raise the proportion of industrial and mineral products in the whole exports, and expand private businesses.

In imports, in accordance with our needs and capability, we must vigorously import some advanced technology, key equipment, and technical software and materials to short supply necessary for production and construction. We must centralize the utilization of foreign exchange and concentrate our efforts on technical transformation. Under the plan, by 1985, the volume of imports will reach \$167.32 million.

During the "sixth 5-year plan" period, we must stress the exportation of coal, chemicals, and other mineral products. While exporting products, we must develop light and textile products, handicrafts, mechanical and electronic products, and all kinds of native products for export. Under the plan, by 1985, the total procurement value of export commodities will reach 444 million yuan, an increase of 44.4 percent over 1980, or an average annual increase of 7.6 percent. Foreign exchange earnings will reach \$141.85, an average annual increase of 21 percent.

We must update and increase the designs and varieties of light industrial, textile, machinery, and hardware products and instruments. We must expand the bases for exporting agricultural and sideline products, increase new product varieties, strive to breed fine strains of cattle for beef-cattle producing bases, and raise the quality of products.

In the past few years, labor export has developed fairly rapidly in our province. In the coming years, we will strengthen this work, actively train technical forces, and gradually organize contract business in foreign countries. It is planned that by 1985, foreign exchange earnings from exporting laborers will reach \$4 million.

In foreign economic work, we must adhere to the principle that there are imports and exports, equality, and mutual benefits, and we must actively carry out international economic cooperation so as to accumulate funds for the four modernizations construction.

On the basis of mutual benefits and development, vigorous efforts must be made to carry out economic cooperation with coastal and advanced provinces and cities and to make full use of the funds, materials, advanced science and technology, and managerial experience provided by fraternal provinces and cities to make up for our province's shortage. During the sixth 5-year plan period, we must list the cooperation of the coal industry in the economic plan in accordance with the stipulations of the state. In the future, we will gradually include the cooperation of major materials such as rolled steel, timber, coke and calcium carbide, advanced technical

cooperation, and large economic cooperation in our economic plan and actively organize and support all cooperation that is beneficial to vitalizing the economy and increasing economic benefits. All cooperation sponsored by grassroots units must be gradually conducted in a guided, well-organized, and planned manner.

(5) On the Improvement of People's Daily Lives and the Controlling of Population Growth.

During the sixth 5-year plan period, it is necessary to continually raise the living standards of the people in urban and rural areas. The net income of each peasant in the province will increase from 121.5 yuan in 1980 to 210.9 yuan in 1985, an average annual increase of 11.7 percent. The total wages of workers and staff members of the units owned by all the people (excluding the units run by the central authority) will increase from 1,415 million yuan in 1980 to 2.09 billion yuan in 1985, an average annual increase of 135 million yuan or 8.1 percent. In 1981 and 1982, the wage of some workers of educational, sanitation, sports, scientific, and stage departments were raised. In 1983 and in the next 2 years, the wages of other workers and staff members will be increased. Meanwhile, great efforts will be made to reform the wage system. Most middle-aged intellectuals have comparatively low wages but heavy workloads, and therefore their wages should be increased by a relatively large margin.

Along with the development of our province's industrial and agricultural production and with the income increase of the people in urban and rural areas, people's consumption levels will rise a great deal. By 1985, the per capita level of consumption in urban and rural areas will reach 291 yuan, an increase of 81 yuan over 1980 or an average annual increase of 6.7 percent. Of this, the per capita level of consumption in urban areas will reach 571 yuan, an increase of 84 yuan over 1980 or an average annual increase of 3.2 percent, the per capita level of consumption in rural areas will reach 227 yuan, up 76 yuan over 1980 or an average annual increase of 8.5 percent.

The housing condition of the people in urban and rural areas will be improved continually. In these 5 years, it is estimated that 50 million square meters of residences will be newly built for peasants and 8 million square meters of public welfare facilities will also be added. All the units owned by all the people across the province will build 7.8 million square meters of residences in 5 years. In each year, an average of 1.5 million square meters of residences will be built, equal to 270 percent of the residences built in each year from 1953 to 1980. At the same time, the construction of facilities for the urban public use will be accelerated.

Environmental protection is a major matter related to the people's livelihood as well as an important task for socialist modernization. During the sixth 5-year plan period, we should emphatically solve the problem of environmental pollution, resolutely prevent new environmental pollution sources, improve natural surroundings, protect natural resources, and maintain ecological balances.

During the sixth 5-year plan period, continued efforts should be made to strictly control the population growth. To keep our province's population within 26.28 million by 1985, the natural population growth rate must be controlled at 11 per thousand. The total number of births is now at its peak and such a situation will continue for more than 10 years. Under this situation, to attain the population control goal will be an important and arduous task. The leadership at all levels must pay special attention to it and adopt feasible measures to advocate late marriage and one child per couple, strictly prevent the second-birth, and resolutely eliminate multiple-births.

(6) On the Basic Balance of Revenue and Expenditure and of Credit Receipts and Payments and on the Basic Stability of Commodity Prices.

It is planned that in 1985 the provincial revenue will reach 2.6 billion yuan, an increase of 660 million yuan over 1980. Total revenue in these 5 years will reach 11.84 billion yuan. Of this, the revenue delivered to the central authority in 1985 will be 575 million yuan and in these 5 years, a total of 2,253 billion yuan will be delivered to the central authority. The local revenue will be 2,025 million yuan in 1985 and in these 5 years, it will reach 8,831 million yuan. Including the revenue from the subsidy for the poor allotted to other provinces, deducting the 100 million yuan of loans from the central authority, during the sixth 5-year plan period, the available financial capacity of our province will be 11,679 billion yuan, of which, the available financial capacity in 1985 will be 2,882 million yuan. In these 5 years, total financial expenditure will reach 11,729 million yuan, of which, the 1985 expenditure will reach 2,882 million yuan, an increase of 921 million yuan over 1980.

During the sixth 5-year plan period, the increased portion of expenditures will be mainly used in developing educational, scientific, cultural and public health undertakings and in supporting agricultural construction. Proper arrangements will also be made for the expenditures in other fields in line with needs. In the last 3 years, the budget revenue will increase by 200 million yuan annually. During this period, it is estimated that the increase of savings deposits will surpass the increase of loans and the gaps between credit receipts and payments will be gradually narrowed.

During the sixth 5-year plan period, we should strive to do a good job in credit receipts and withdrawal, to maintain a balance of credit receipts and payments, to speed up capital turnover, and to lower the level of capital occupation. We should also pay attention to the urban and rural savings deposits work and collect the blocked and idle funds among the people. We should actively support the development of commodity production and enhance the capacity of withdrawing currency from circulation so as to minimize the losses from putting currency into circulation.

Market prices affect the very livelihood of the people. During the period of the sixth 5-year plan, we should strive to keep market prices basically stable so as to guarantee the people secure lives. Since the beginning of this year, the province has conscientiously implemented the State Council's

"Circular on Resolutely Stabilizing Market Prices." Generally speaking, the situation in this respect is good. There have been no big fluctuations in state-set prices, and the prices of some commodities have gone down somewhat. The general level of retail prices has been basically stabilized. At the beginning of this year, the province readjusted the unreasonable prices of cotton and chemical fiber cloths. To stimulate production, there will be some readjustment, either upward or downward, in the next few years, in regard to a small number of commodities whose prices are very unreasonable. This, however, must be done on the condition that the general level of market prices is kept basically stable.

Fellow deputies, our province's sixth 5-year plan is a comprehensive plan for overall economic and social development, as well as a part of the state plan, which encompasses the building of both material and spiritual civilization. As regards building socialist spiritual civilization, we should stress improvement in the standards of social conduct, in addition to the development of the cultural undertakings. We should create a good social atmosphere so that the people can devote themselves to the socialist modernization drive wholeheartedly and with ease of mind.

The tasks for production and construction set in the province's sixth 5-year plan are both forward-looking and realistic, and, provided we exert ourselves, they can be fulfilled. Of course, there may be points needing further deliberation and some new situations have not been considered. We will handle them properly in accordance with concrete conditions in the course of its implementation so that this important plan can be carried out with full success.

2. Implementation of the Sixth 5-Year Plan in the First 2 Years

Nearly 2 years have elapsed since we began implementing the sixth 5-year plan. Here I would like to report on the results so far.

The actual growth rate of the provincial gross value of industrial and agricultural output reached 1.77 percent in 1981 and 13.84 percent in 1982. The annual increase for those 2 years averages 7.6 percent. Like other places in the country, our province's economic situation as a whole improves each year; this is a gratifying change.

Having depended on policy and on science, a sustained upsurge in agricultural production has brought prosperity to all production services. Compared with 1980, the gross value of agricultural output increased by 3.87 percent in 1981, and the 1982 figure was 18.44 percent higher than the previous year. The average annual increase for those 2 years works out to 10.09 percent. The implementation of contracted responsibility with payment linked to output has fully mobilized the socialist labor enthusiasm of the peasants. Despite serious droughts, our province still reaped a relatively good agriculture harvest in 1981. Thanks to good rainfall in most areas, our province reaped bumper harvests in all crops in 1982. Owing to the implementation of the principle of "sparing no effort in promoting grain production and actively developing diversified undertakings," which was

formulated by the Provincial Committee and the State Council, in 1980 the provincial gross output totalled 16.5 billion jin, an increase of 2.5 billion jin over the record year of 1979 and an increase of 3 billion jin, or 11.02 percent, over 1981; cotton output totalled 2.42 million dan, an increase of 20.08 dan over the record year of 1958 and an increase of 1.07 million dan, or 79 percent, over 1981; output of oil-bearing crops totalled 4.34 million dan, an increase of 1.57 million dan over the record year of 1980 and up 1.82 million dan, or 75.4 percent, over 1981; and output of sugar-yielding crops reached more than 4.53 million dan, an increase of 1.26 million dan, or 38.5 percent over the record year of 1981. In addition, there has also been a fairly rapid growth in other fields of the diversified undertakings. Along with the development of production, as a large number of specialized households and households doing specialized jobs under state contract cultivation have come to the fore, peasants' income has increased by a big margin. Now, a number of households in the province have become prosperous through labor. What is more gratifying, some counties which had poor natural conditions, low production standards, and which had suffered from a long-term backwardness now have caught up with the others and changed their face in 1 to 2 years or in 3 years.

The production of manufactured consumer goods has rapidly developed and the market has been abundant in commodities. There has not been such a prosperous scene in more than 20 years. The output value of the province's light industries in 1982 rose by 11.76 percent over 1980 and in 1982 rose by 5.26 percent over 1981, an average annual increase of 8.5 percent in these 2 years. Compared with 1980, yarn increased by 8.68 percent; cloth, by 11.40 percent; woven fabrics, by 8.06 percent; sugar, by 54.55 percent; cigarettes, by 16.66 percent; bicycles, by 2.19 times; sewing machines, by 1.04 times; washing machines, by 11.76 percent; washing machines, by 6 times; electric refrigerators, by 77.78 percent; and plastics, by 50 percent. The quality of light consumer goods has improved. The varieties and designs of products are diversified. All commercial enterprises in the province have implemented the system of "three more and one less,"--more economic firms, more circulation channels, and more forms of operation and fewer links--and have gradually changed the previous situation in which commerce was monopolized by state enterprises. The total retail sales of commodities in the province in 1981 went up by 9.24 percent over 1980 and by 8.5 percent in 1982 over 1981, an average annual increase of 8.9 percent in these 2 years. Most commodities are in ample supply in the urban and rural markets with the exception of only a small number of commodities and some brand-name products. There are fewer commodities that have to be bought with coupons and in fixed amounts than last year. Industrial products which were in short supply in the past have now become abundant supply. However, some light and textile products are still unconstructed and unmarketable. With the improvement in the consumption level of the people in the past 2 years, the supply of commodities for the livelihood of the people, such as for food, clothing, and other necessities, was quite abundant. The people's minds were at ease. The previous situation in which the people rushed to buy commodities and the consumers have a larger selection of commodities.

In the course of readjustment, the heavy industry has improved its service orientation and product mix, resulting in a rapid upward trend in production. Our province's machinery, metallurgical, and national defense industries have begun to move into the orbit of serving the energy, light and textile industries, and the people's livelihood, thus rapidly ending the downward trend in production. The rate of the upward trend is very rapid. The output value of heavy industry in the province in 1981 dropped by 3.67 percent as compared with 1980 and increased by 14.81 percent in 1982 as compared with 1981, an average annual increase of 5.3 percent in these 2 years. The output of coal, electricity, and some raw and semifinished products has substantially increased. The output of raw coal in 1981 increased by 9.51 percent over 1980 and in 1982, rose by 8.55 percent over 1981. The power output in 1981 went up by 4.17 percent over 1980 and by 9.6 percent in 1982 as compared with that of 1981. The output of steel in 1981 dropped by 6.71 percent as compared with 1980 and increased by 7.91 percent in 1982 as compared with 1981. In 1981, the output of cement dropped by 6.9 percent as compared with 1980 and increased by 14.61 percent in 1982 as compared with 1981. The communications, transport, posts and telecommunications departments, science and technology for national defense, and the national defense industry have vigorously served the development of industrial and agricultural production and other construction undertakings, making new contributions to the state.

In financial work, while fulfilling the state loan tasks and the state treasury bonds subscription tasks year after year, we must maintain a balance in state revenue and expenditures with a small surplus. In 1982, we received a surplus revenue of 273 million yuan. This is a comprehensive reflection that our province has scored pronounced achievements in its economic readjustment work.

New development has been made in educational, scientific, and cultural undertakings. The number of students enrolled in senior high schools increased from 3,203 in 1980 to 9,141 in 1982. Initial achievements have been made in readjusting specialities in institutions of higher learning and reforming the structure of secondary education. Science and technology have served economic construction with good results and the number of major scientific research achievements awarded by the provincial people's government has markedly increased. There were 108 scientific research achievements in 1981 and 203 in 1982, an increase of 95 research achievements over 1981. Nine scientific research achievements received awards for new creations by the state in 1982. The dissemination and application of the province's scientific research achievements has been strengthened. Science and technology have played an increasingly significant role in economic construction.

In short, we have scored great achievements in implementing the sixth 5-year plan in the past 2 years. There still are, however, many problems left over from the past that remain to be solved. New problems cropped up in the course of carrying out economic work in the past 2 years. The situation of poor economic benefits has not been fundamentally improved and some light and textile products are still overstocked and unmarketable.

We still have many shortcomings, weak-points and mistakes in our work and we still have to face many difficulties. We will, however, fulfill the "sixth 5-year" plan if we emancipate our thinking, boldly carry out reform, strengthen unity, enhance spirit, and work diligently.

3. The Principal Measures for Fulfilling the "Sixth 5-Year" Plan

We have much work to do to fulfill the sixth 5-year plan. First of all, we must shift all economic work into the orbit that centers on improving economic results, implement the principle of readjustment, restructuring, consolidation, and improvement, give priority to grasping the investments in fixed assets, readjust and consolidate existing enterprises, promote social production and technical progress, and reform all unreasonable economic systems. In addition, we must greatly improve the managerial and operational level of cadres at all levels that are responsible for economic work. The following four issues are to be explained.

First, resolutely ensure the construction of key projects and the technical transformation of enterprises and strive to get greater returns on investment in fixed assets.

During the "sixth 5-year plan" period, our province's total volume of investments in fixed assets will come to 12.67 billion yuan. Of this, 9.567 billion yuan will go to capital construction and 2.5 billion yuan will be used for updating equipment and carrying out technical transformation. This volume of investment basically suits the financial and material resources of the state, and efforts must be made not to expand the volume because the present supply of raw and semifinished materials is very inadequate. If we increase the amount of investments in this regard, we will inevitably extend the capital construction front, decentralize our strength, and fail to ensure the construction of key projects. Such over-extension would affect production, maintenance and the people's well-being. During the "sixth 5-year plan" period, power and communications construction are listed as the state's key construction projects. Improving and strengthening the work of these two departments is an important matter affecting the whole situation. In order to ensure the needs of energy, communications, and transport construction, the State Council has made the decision that, except for a few specified items, all localities, departments and units are to turn over a certain proportion of their receipts not covered in the state budget to the state, and all large economic collectives in cities and towns are to turn over a certain proportion of their profits after taxation as a contribution to the fund for key energy and transport projects. We should keep overall interests in mind and pay the stipulated sum to the state.

In order to exercise strict control over the volume of investment, ensure the proper use of construction funds, and get greater returns on investment, the State Council has laid down the following regulations:

1) All investments in fixed assets, including those covered by the state budget, enterprise funds, or bank loans, are subject to overall balancing

by the State Planning Commission or its provincial, municipal and autonomous region counterparts before their final incorporation into the state plan. No locality or department shall make investments in fixed assets outside the plan without prior approval of the appropriate higher authorities. If it does, it will be called to account and be punished accordingly for having violated discipline in financial and economic work.

2) All large and medium-sized capital construction projects are subject to examination and approval by the State Planning Commission; small capital construction projects are subject to examination and approval by the provincial, municipal, and autonomous region planning commissions and relevant departments of the State Council. No unit or individual has the power to decide on capital construction projects without going through overall balancing by the State Planning Commission or its provincial, municipal, and autonomous region counterparts. Except for those the enterprises are entitled to undertake according to state regulations, all projects for technical transformation are subject to joint examination and approval by the appropriate planning commissions and economic commissions at different levels. All large and medium-sized capital construction projects and abovenorm projects for technical transformation outside the state plan are subject to overall balancing by the State Planning Commission before being submitted to the State Council for examination and approval.

3) All construction projects must be undertaken in strict compliance with the procedures for capital construction. No project shall be included in the annual construction plan, still less started hastily, without prior feasibility studies and technical and economic appraisal, or without such preparatory work as adequate advance planning and designing. Whoever violates this regulation must be called to account.

4) For all construction projects already decided on, the following must be done: Fix the scale of construction, the total amount of investment, the time schedule, the return on investment, and the conditions for cooperation with other units. At the same time, the system of responsibility must be strictly applied. On the basis of the established schedule of a project, the planning department and the one in charge of the project must allot sufficient funds each year and ensure the annual supply of needed materials. Through various forms of responsibility systems, the unit for which the project is being built is required to complete its annual plan within the funds allotted, and the building company to guarantee work quality and on-time completion.

5) Investments in capital construction are to be placed under the centralized control of the Bank of Construction of China, which is to supervise their use according to plan. The bank must carry out its duties faithfully and malfeasance must be looked into and dealt with according to law.

We must firmly adhere to and implement the aforementioned regulations of the State Council.

Second, we must consolidate present enterprises, consolidate them in an all-round way and strive to raise their efficiency of operation and management.

Our province's present structure of enterprises is irrational, their operation and management are backward and their economic efficiency is low. During the decade 1971-1980, our province's industrial enterprises (not including those run by the communes and brigades in the rural areas) increased from 5,910 to 8,533, up more than 60 percent. There was, however, a good deal of blind expansion due to the prolonged "leftist" mistakes in the guidelines for our economic work. Because of backward technology and techniques, these enterprises were heavy consumers of materials and turned out poor-quality products. In the absence of the most elementary system of economic accounting and the most indispensable rules and regulations, the management of these enterprises was chaotic, discipline lax, and the waste appalling. Compared with the national advanced enterprises, we still have a long way to go, but this also shows that our potential is great. According to statistics, in 1981 the output value from each 100 yuan of fixed assets was 55.7 yuan in our province as against the average national figure of 50.1 yuan. Our province ranked 21st in our country, in Shanghai, the output value from each 100 yuan of fixed assets was 255.3 yuan, ranking first in our country. Provided we catch up with the average national level, our industrial output value can reach 20 billion yuan or more. If we catch up with the advanced national level, it will increase by about 20 billion yuan. If we reach the highest level, it will increase by 32.84 billion yuan. Our province's textile trade can be compared with that of fraternal provinces. In 1981, the output value from each 100 yuan of fixed assets was 192.1 yuan in our province, and 508 yuan in Jiangsu Province, the highest in our country. The average national figure was 121.9 yuan. In this respect, our province still has a long way to go. Of course, some progress was made in 1982, but a basic turn for the better has not yet been made.

The best way to tap potential is to let every enterprise find an advanced one from the same trade in our country and learn from its experiences. All departments concerned should actively organize and lead the subordinate enterprises to conduct comparisons with the advanced ones in regard to their targets, production quotas, and operation methods and should try to find out where they themselves lag behind. If conditions permit, they can also make comparisons with the advanced levels of the same trade in foreign countries, learn from their strong points, and strive to catch up with them. While emulating, learning from, catching up with, helping, and in turn surpassing each other, stress should be placed on efficiency, cost, and quality, which are vital to various enterprises and trades. These measures are the most effective way to tap the potential of the existing enterprises, the only way to break with backwardness, and the major way to improve the level of operation and management.

The present problem is that some of our economic and technical targets are backward. This is not a cause for fear. What we are afraid of are lacking understanding of this situation, regarding ourselves as infallible, refusing to acknowledge our backwardness, refusing to admit our disparity, and being

reluctant to learn from and catch up with the advanced. If we lost sight of our backwardness in management, technical, scientific, and cultural levels, then it would be difficult to make progress. We must pay attention to this work and conscientiously and wholeheartedly learn from the strong points of others and correct our own shortcomings. Only by so doing can we, certainly we can, catch up with the advanced.

Enterprise reorganization and consolidation should be attended to with close attention. Competent departments should formulate plans for different trades defined according to their products and provide enterprise reorganization plans within a definite time. The following three types of enterprises should be closed, suspended, merged or have their production converted: 1) enterprises which consume too much material, produce shoddy goods, and suffer long-term deficits for poor management; 2) enterprises whose production exceeds demand and whose products are stockpiled; 3) enterprises which contend with advanced ones for raw materials, energy supply, transport facilities, and markets and which are unlikely to change their backwardness. All localities and departments should work out 2-year plans to reform these enterprises and provide the names of those to be closed and suspended and the plans for their closure and suspension.

Enterprise consolidation work should be speeded up and improved. Enterprise consolidation should focus on the following: 1) organize fine leading bodies; 2) establish and improve various management and responsibility systems; 3) upgrade management and popularize and apply scientific management means and methods; 4) formulate plans for technical transformation aiming at conserving energy and raw materials and define a reasonable direction for production. Consolidated enterprises should institute the system under which all the staff members and workers, including leading cadres, are assigned with clear production-related responsibilities, should remarkably improve their labor discipline and work ethics and should raise their major economic norms and comprehensive economic benefits.

Third, vigorously promote technical progress and give full play to the role of science and technology in promoting the economic construction.

We should rely on technical progress to develop the economy and should gear the scientific and technical work to the economic construction.

In promoting technical progress, two things should be done first: 1) Scientific and technical personnel should be successfully organized to participate in planning and joint research. Regional plans centering on large and medium-sized cities and technical transformation plans should be formulated. Specific demands should be set on departments, trades and enterprises for achieving definite technical standards by the end of this century and for eliminating backward techniques. 2) Advanced, practical technology should be vigorously introduced and widely applied. Great efforts should be made to turn science and technology into actual productive forces. Being backward in production techniques and management, our province should utilize advanced techniques of other provinces and municipalities. Over the past few years, we have achieved prominent results in the economic and

technology, cooperation with some provinces and municipalities. In the future, we should develop the work in this field mainly by introducing advanced production techniques and management experiences, tapping potential resources of existing enterprises and old products, expanding production capacity, improving product quality, increasing variety, creating brand-name products and, most important, improving the technical and management standards and the overall results of enterprises.

We should also introduce advanced foreign technology. Competent departments should formulate plans for various trades to introduce advanced technology in order to speed up the technical transformation of enterprises, particularly small and medium-sized ones.

Scientific and technical progress cannot be separated from knowledge and intelligence. We should pay attention to the training of specialized scientific and technical personnel. All economic work personnel should consider the study of scientific knowledge as very important, make the study of science and technology a common practice in the whole society, correct the misunderstanding that only intellectuals, earnestly implement the party's policy on intellectuals, and should fully arouse their enthusiasm so that they will do their work faithfully and make the maximum use of their scientific knowledge to serve socialism.

Fourth, vigorously reform the economic system in a vigorous and steady manner.

The reform of the economic system is an important guarantee for an overall improvement in the economic results and the realization of socialist modernization. We must break away from the old conventions of the "high output and high wage," "high rice bowl" to ensure more pay for more work, less pay for less work, and no pay for no work, to safeguard the interests of the state, the collective, and the individual, and to arouse the socialist enthusiasm of every laborer.

In the reform, we should first correctly implement the principle of taking the planned economy as the dominant factor with market mechanisms as a supplement. We should control big projects with state plans, especially projects which need planning on the comprehensive balance of the national economy, such as the type and orientation of the investments in fixed assets and in construction items. Consumption funds should be brought under control and under plans. Flexible methods should be adopted in handling and distributing the funds which should mainly be restricted through industrial and commercial administration and economic levels. Diverse measures and flexible specific local conditions should be adopted for enterprise management, commodity purchases and marketing, circulation channels, distribution, and social services. Enterprises should make use of the law of value on their own accord and pay attention to social needs and economic efficiency. The function of various economic levers and particularly the regulatory role of price should be developed to suit different enterprises and products.

In the next 3 years, on the condition that there is no substantial price readjustment, we should reform the tax system and hasten the substitution of taxes on enterprises for profits delivered to the state. This will give greater scope to the regulatory role of taxation in economic activities and improve the relations between the state and enterprises.

While reforming the economic system, we must also reform the administrative system and readjust the structure of administrative organs. Special attention should be paid to giving full rein to the role of various trades and cities, particularly the role of large and medium-sized cities in organizing the economy, rationally readjusting the system of administering enterprises and placing a vast number of enterprises under the administration of city authorities. Production and circulation should also be unified, centering on the more economically developed cities so as to carry along the surrounding rural areas and gradually form city-based economic regions of different sizes and types. This is an objective of the reform that should be gradually carried out under guidance after preparations are made.

The system of commodity circulation must suit the whole economic situation. State commerce should, without doubt, play a leading role in commodity circulation. At the same time, we should give scope to the positive role of collective commerce and individual traders and pedlars and to the part productive enterprises can play in selling their own products. We must resolutely break regional blockades, unclog the channels of circulation between town and country, explore more avenues for commodity circulation, and reduce the intermediate links so as to form a really unified socialist market and to facilitate commodity interflow.

Finally, I would like to discuss the question of agriculture and the construction of mountainous areas.

Our province is the state's coal and heavy chemical industrial base. However, we should not neglect agriculture because of these favorable conditions. The current rural situation in the province is gratifying. Thanks to the implementation of a series of rural economic policies of the party, we have reaped successive bumper agricultural harvests and the rural economy is becoming unprecedentedly lively. In the next 3 years, we will continuously persist in the ideology of relying both on policies and science, implement the party's various rural economic policies, study and disseminate all applicable science and technology, conscientiously strengthen the construction of mountainous areas and will further promote the development of our province's agricultural economy.

To promote the development of the agricultural economy, we must focus our attention on studying the new situation, summing up new experiences, and solving new problems. At present, we must stress the following three spheres of work: First, we must continue to strengthen policies, improve and perfect all forms of production responsibility systems, and promote and improve, in particular, the output related contract responsibility system; second, we must help specialized households and households doing specialized jobs besides crop cultivation to organize all kinds of specialized

to meet the needs of developing production and through the mass line in farmland capital construction, disseminate the experience of carrying out organic dry farming and organic effect. In addition, we must attend to a series of measures that are involved in production, exchange, distribution, and marketing. We must adhere to the principle of "still relying mainly on the masses" and implement the production responsibility system in rural areas, and, through political and ideological work, promote the masses to work hard and include all kinds of major economic activities in the rural areas. We must be made to adhere to the guiding principle of "promoting grain production and actively developing livestock husbandry," to ensure a steady increase in grain production and make it a strategic task, to formulate and adopt all policies and measures to increase the grain cultivation acreage, and, on this basis, to make every effort to raise the per-unit area yield. Meanwhile, attention must be paid to building some marketable grain bases in line with the principle. While ensuring grain production, we must take advantage of the country's rich natural resources to develop cash crops and livestock husbandry. We must attach importance to disseminating agricultural science and technology and draw support from science to improve agricultural productivity and to carry out production in depth and in cooperation as well as conditions for agricultural production and as a condition for the economic and social benefits.

and mountainous areas with vast mountainous areas where the natural conditions are favorable. There is great potential for development here, and we must take full advantage of this superiority for agricultural development. The people and the government have attached great importance to the mountainous areas and have recently held a work conference in Beijing to strengthen the construction there. Developing and building up the mountainous areas involve arduous and complicated tasks. Therefore, we must pay attention to promoting the spirit of self-reliance and hard work, and we must adopt a scientific approach, proceed from reality, suit local conditions, and give full play to superiority, and comprehensively develop agriculture. All land suitable for growing grain must be used for growing grain. Furthermore, we must gradually build some basic farms and develop marketable grain specialized households and households that grow marketable grain besides other crop cultivation. All land suitable for growing grain crops should be sown with other suitable crops. We should develop trees for dried and fresh fruit, study grain, and develop silkworms and should plant mulberries to raise silkworms. There are many other resources in the vast mountainous areas. All the localities where conditions exist should develop soybean- and bean-rust, and so on, under the guidance of the state plan. Great efforts should be made to develop the mountainous areas. In the next 10 years, we should strive to develop the mountainous areas. We should encourage the people to plant trees beside roads, along rivers, roads, and ditches. Meanwhile, in the mountainous areas, mountainous areas should be developed to produce grain. In the mountainous areas, the barren hills should be cultivated to produce grain. The land should be given to the households special use and afforestation as well as crop production.

Mountainous areas have the favorable factors for developing the animal husbandry and breeding industry. By developing the animal husbandry and breeding industry the peasants in mountainous areas not only can restore the fine tradition of linking agriculture, forestry, and animal husbandry but can also become prosperous quickly. We should solve the problems in regard to the ideological understanding of leaders at all levels and, in practical work, pay attention to developing artificial grass-growing and to developing households specializing in raising animals and poultry and households breeding animals and poultry along with crop cultivation. The mountain economy has vast vistas. Judging from the typical experiences of various localities, mountainous areas may possibly surpass the others in the future.

In exploiting and building mountainous areas, we should not only plan but also take measures. In mountainous areas, the natural conditions are poor and the production and living standards are low. Changing such situations is a task of the first importance. At present in developing mountain agriculture, we should implement the principle of integrating organic dry farming with water and soil conservation. Organic dry farming is a form of scientific ecological agriculture. Compared with irrigation agriculture, organic dry farming also has a great potential for increasing production. We should store water to conserve the soil's moisture, apply more organic fertilizers to soil, increase the organic matter for soil, and grow drought-resistant crops. At the same time, we should pay attention to increasing the amount of fertilizer applied in mountainous areas and raising the economic results from applying chemical fertilizer. We should strengthen the integration of organic dry farming with the water and soil conservation, vigorously bring the small-scale drainage areas under control and, in particular, sign contracts with households to control and utilize the small-scale drainage areas. It is necessary to solve the problems concerning traffic, power supplies, drinking building freezers, and broadcasting to mountainous areas as quick as possible. In building roads in rural areas, the following measures should be adopted: dividing the roads into many sections and letting each section assume responsibility for construction, with all sections covered by the unified plan; mobilizing the masses to repair and maintain the roads of their own accord; and building with the local people in charge and with subsidies from the state. Beginning in 1983, 30 million yuan should be released each year from the road maintenance expenses to support the construction of highways in counties and communes in the mountainous areas so that all small towns can have bus service and all large towns can have railway service. With regard to the use of electricity in rural areas, in 1983 we will concentrate our efforts on solving the problems on using electricity in 68 communes, 179 brigades and 77 villages. In addition to the investment arranged by the provincial planning committee, this year the province will allot 10 million yuan of more investment for this purpose. In the other 6,815 brigades, the power supply problem will be solved gradually and group by group in line with their social and economic conditions. All quarters should be mobilized to raise funds to erect power transmission lines, to make full use of small thermal power plants and small hydropower plants, and to generate power by using wind power, marsh gas, and solar energy. In the next 4 years, we should strive to solve the water problem for the people and animals by

studies in groups by stressing water-retention wells; running them by house, and running them through one's own effort with proper subsidies from the state. At the same time, it is necessary to conscientiously implement the policy concerning water rights and to strengthen the administration of water sources. With regard to the building of freezers, by 1985 we should on the one hand concentrate our efforts on completing the cold storages under construction, and on the other hand, build a group of new cold storages with a designed capacity of 200 to 300 tons by stages and in groups on the basis of financial and material capacities. At the same time, active support should be given to the development of small-scale freezers. In the coming few years, attention should be paid to the issue of broadcasting as to establish broadcasting service in all brigades in mountainous areas by 1985. A backward cultural situation and weak technological ranks are conspicuous problems in exploiting and building the mountainous areas. Therefore, from now on, we should pay special attention to the development of intellectual capacity and the training of competent persons. Resolute measures and special policies should be adopted to stabilize the teachers, doctors and other scientific and technical personnel who are now working in the mountainous areas. In the meantime, more competent persons should be trained for and assigned to the mountainous areas and the problems on the residence registration of family members of cadres and scientific and technical personnel serving the mountainous areas should be solved gradually. The graduates of universities, colleges, and secondary vocational schools should mainly be assigned to serve in mountainous areas. Intellectuals settling in the urban areas should be encouraged to serve in mountainous areas on their own accord, even if their work period is short. Adopting of learning, advertising, and part-time jobs are acceptable ways to attract personnel with professional knowledge in other places to serve the construction of mountainous areas. The invited personnel or units can sign contracts with the units which advertise for them in terms of work tasks, schedule, and remuneration. In sum, energetic support should be given them through various channels in order to create a new situation in all fields of mountainous construction.

Fellow comrades, inspired by the guidelines of the 12th National Party Congress and of the 5th National People's Congress, the people across the province are creating a new situation in all fields of socialist modernization. After being approved and promulgated by this congress, the 11th 5-year plan will further define the fighting goal of the people across the province for the near future and will closely integrate the present tasks with the long-term development, and thus we will be able to step forward more resolutely toward the magnificent objective for the end of this century. So let us study assiduously, work conscientiously, quietly immerse ourselves in hard work, and dare to carry out creative work under the leadership of the CPC Central Committee and the provincial CPC Committee, for the 11th 5-year plan will certainly be fulfilled or over-

ECONOMIC MANAGEMENT

CENTRALIZATION, DECENTRALIZATION OF POWER STUDIED

Beijing JINGJI RIBAO in Chinese 31 Mar 83 p 3

[Article by Li Zhisheng [2621 2535 4141]: "The Achievement of Greater Economic Effectiveness Hinges on the Establishment of a Proper Relationship Between Centralization and Decentralization of Power"]

[Text] The issue of the centralization and decentralization of power, involving as it does the relationship between the central and local governments and that between the state and the production units over a wide range of matters, is a most complicated one. If properly dealt with, it is capable of further strengthening the centralized and unified leadership of the state, ensuring success in the implementation of the strategic decisions for economic development and fully stirring up the enthusiasm of the local governments and enterprises to achieve the highest economic benefits in socialist projects of construction.

The socialist economy being a planned economy, the centralized and unified administration of the national economy by the state is an intrinsic feature of the planned economy, a feature which is an objective requisite for any sizable development of production under socialism and an outcome of the socialist system of public ownership of the means of production. The expansion of production in society demands the close coordination and cooperation of every party, every department and every link in the chain in the areas of production, circulation, distribution and consumption in the entire society in carrying out projects of construction affecting the welfare of the state and the livelihood of the people. Under the socialist public ownership system, it is the state which assumes control over the lifelines of the national economy and responsibility for production, exchange, distribution and consumption in society. That a socialist country is capable of centralizing economic planning and mobilizing manpower and material and financial resources in dealing with problems of common concern in the development of the economy in society bespeaks the superiority of the socialist system. Ours is a socialist state founded on the public ownership system. In dealing with the national economy, the state must assume responsibility for exercising centralized and unified leadership, providing guidance and coordinating the relevant policy decrees and regulations. The socialist system is closely tied in with centralization and unification. In a certain sense, it may be said that socialism cannot exist without centralization and unification.

On the question of the importance of centralization and decentralization, we should not go to extremes. All power should be put in the hands of the central government and all government and enterprises should be directed by the central government. It is to centralize and to unify, a certain degree of centralization is also unavoidable. In other words, both centralization and decentralization are equally essential. It is metaphysical and not dialectical to regard the decentralization of power as the exclusion of centralization or to take all of the centralization of power as the exclusion of decentralization. From the economic management point of view, an extreme of centralization and decentralization is in actual fact a basic part of the socialist system and is inseparable for the system of democratic centralism. In view of the special vast country, the large number of provinces, regions and counties, the numerous production teams in the rural areas and the hundreds of thousands of industrial enterprises throughout the nation, there are hundreds and thousands of decisions in the situation. If stress is placed exclusively on centralization and all power is left in the hands of the lower levels, then the whole nation will have to abide by the instructions of the higher authorities in matters big and small with the inevitable result that initiative would be stifled, the margin for freedom of action would be curtailed, the enthusiasm for work would be increasingly difficult to sustain, the pace of work would be retarded, and efficiency would continue to plummet. This is a situation which cannot be permitted to exist under our socialist system.

There must be a certain limit to centralization and decentralization. By advocating decentralization it does not mean that there should be less decentralization and more centralization. It does not mean that there should be less centralization. In different circumstances, there should be centralization when centralization is called for, and there should be decentralization when the situation calls for decentralization. In a discussion on the subject, Comrade Mao Zedong pointed out that those things which should be centralized is not centralized, then those things which are guilty of decentralization of power, while those things which are guilty of usurpation of power." He further added that "those things which should be decentralized is not decentralized, then those things which are guilty of running the whole show, while those things which are guilty of blocking the initiative." Centralization and decentralization, being opposite sides of a coin, are inseparable. Too much centralization inevitably results in the loss of initiative, and conversely, too much decentralization inevitably results in the loss of centralization. For this reason, what we need is a reasonable degree of centralization and a reasonable degree of decentralization.

On the question of centralization and decentralization in the Principles of the Chinese People's Planned Adjustments and Secondary Priority in Market Regulation.

Centralization and decentralization in our country are not only a question of power in the top position and decentralization in the subordinate position, but also a subordinate position. The relationship between centralization and decentralization is also reflected in the planned, market and market regulation. The planned economy is meant the effective of planning to the national economy, and the market regulation is a subordinate, as number of the market regulation.

to a preconceived plan. The state must have the power to bring about an overall balance between the total amount of supplies available to and the total amount of supplies needed by the society and to achieve an overall balance in finances, credits, commodities and imports and exports (foreign exchange). To achieve an overall balance in the national economy, the state must enforce planned control over the major industrial and agricultural products. Specifically, in the industrial sector, the major commodities put out by the key enterprises which have a crucial effect on the national economy and the livelihood of the people should be produced according to the plan laid down by the state. The vast variety of small commodities put out by the numerous and widely scattered small enterprises and individual workers should be produced within the permissible limits set by the state and according to market needs. In the agricultural sector, such class 1 and class 2 products as grain, oil, cotton, hogs and tea should be produced according to the plan or guiding principle set by the state; class 3 subsidiary agricultural products and class 1 and class 2 subsidiary agricultural products which are not covered by the state plan should be produced according to market needs. Generally speaking, the adjustment of plans which occupy a position of major importance should fall within the purview of centralization, while the adjustment of plans called for by market needs and occupying a position of secondary importance should fall within the purview of decentralization. Specifically, the adjustment of plans involves both centralization and decentralization. Market adjustments, too, are sometimes subject to the guidance and control of the state. In other words, plans should be set by the local governments as well as the central government. Plans set by the central government are the products of centralized power wielded by the central government, while plans set by the local governments are partly the products of centralized power wielded by the central government and partly those of decentralized power wielded by the local governments (the main thing is that so long as the plan set by the central government is fully met, the local governments may draw up production plans to meet local conditions and needs as well as plans for bringing about a coordination between the provinces and among the different regions within the province). As regards market adjustments, the prices of some products must be within the unified floating price range set by the state, while the prices of other products not under the control of the state must be sold under such economic leverages as tax payments. In any case, the setting of a proper relationship between the planned economy and market adjustments is vital to the establishment of a proper relationship between the centralization and decentralization of power in projects of economic construction.

The degree to which the national economy should be shaped according to a plan and the degree of centralization in the shaping of the planned economy should not be determined by the subjective preferences of the people. Rather, they should be determined by the level of development of the productive capacity, the degree to which the public ownership system is being enforced, the influence which is exerted by the system on the national economy and such factors as the special features of the different economic departments and the different regions. Generally speaking, a higher level of development of the productive capacity and a high degree attained by the public ownership system call for a higher degree of centralization. If the reverse is true, then the situation calls for a lower degree of centralization. For example, a higher degree of centralization is called for in such departments as railroads, the

those comrades engaged in work in the departments under the party's Central Committee and the State Council, because of their knowledge of the overall situation and their responsibility for achieving an overall balance of the national economy, often tend to place undue emphasis on the needs of the overall situation, to seek more benefits for the whole and a larger measure of centralization and fail to give adequate consideration to the needs and benefits of the localities. For this reason, in establishing a proper relationship between centralization and decentralization, it is imperative to overcome the one-sided point of view and to avoid going to one extreme while guarding against going to the other. Those comrades engaged in work in the departments wielding centralized or decentralized power must take an overall view of the whole situation, give due consideration to the needs and benefits of all the parties concerned and recognize the fact that in actual practice, local interests sometimes coincide and sometimes conflict with general interests. By general interests is meant the interests of the state over the long term. Including as they do the interests of particular localities and units, general interests call for centralization and unification. By local interests is meant the interests of the departments, the localities and the individual units which seek a larger measure of decentralization and autonomy. The interests of the whole must, however, take precedence over local interests and decentralization and autonomy must play a role secondary to that of centralization and unification. It goes without saying that while protecting the interests of the whole and giving precedence to centralization and unification, it is also necessary to give adequate consideration to the interests of particular areas and units and the need for decentralization and autonomy. Effort should be made to establish a proper relationship between centralization and decentralization and that between the overall situation and the local situation on a foundation that is in keeping with objective laws (economic laws and natural laws).

Second, there is no framework for an administrative system that would break away from either the complete control of the central government or that of the local governments. If more power is not vested in the departments (central government), then it is vested in the localities (local governments). The lesson we have learned from history points up the fact that the administration system based on the central government, while facilitating the operation of the enterprises, also creates numerous contradictions in the localities and that the administration system which puts the enterprises under the control of the local governments, while serving to strengthen the relationship between the enterprises and the local governments, would give rise to a situation where the enterprises, confronted with problems which cannot be solved by the local governments, would have to consult the various ministries, thus creating a multiple leadership situation. Presently, the enterprises are plagued, first, by too many "mothers-in-law" and, secondly, by the difficulty of finding a responsible unit whose decision is needed for the solution of a problem. It can therefore be seen that the type of administration based on the departments of the central government or the local governments would create contradictions and that to give free play to production, it would be necessary to explore new avenues and to establish a new system. To promote productivity and cooperation among the specialized socialist production units, we must organize the economy

and must be carried out in a way that is in line with economic laws. We must not approach this task from purely the point of view of the government departments or of the local governments. Instead, we must bring about a close inter-relationship between the development of the local economy and that of the national economy. To achieve this end, it would be necessary to strengthen the coordination between the ministries and that between the localities and the enterprises. For example, let us take Shanghai which may be said to be the core of the Yangtze delta and whose relationship is particularly close to the various cities of the Yangtze delta. Such large and medium-sized cities as Nanjing, Suzhou, Wuxi, Zhenjiang, Nantong, Hangzhou, Huzhou and Ningbo may be said to be Shanghai's satellite cities by virtue of economic, geographical and historical factors. The economy of this region is being run according to the administrative system and by the book, so that the economic advantages of this region cannot be fully exploited. To give full play to the economic potentialities of this region, it would be necessary to establish an economic region centered on Shanghai and to set up a program that would resolve the contradictions between the region and the departments. After the program has been drawn up, it should be placed under local planning must be placed under the jurisdiction of the localities and what should be placed under the departments must be placed under the jurisdiction of the departments. It is only thus that the unified plan set by the state can be implemented by the various localities and departments and the plans for the various localities and departments within the region can be made to tie in with the plan set by the state. This would be a sharp contrast to the old method of carving out large administrative regions and to the system of setting up central and local inter-relationships. It would, on the contrary, serve to open up new avenues by putting emphasis on the big cities and industrial bases in bringing about a coordinated relationship between the central and local authorities for the establishment of a regional economic region and an economic network.

The issue of the issue of centralization and decentralization is a very complicated matter. It is not something that can be achieved overnight. It is an arduous task and is likely to encounter considerable resistance in view of the fact that the establishment of a new system and the operation of a new system will involve the vested interests of the central and local authorities. For this reason that we must be prepared to do a great deal of work and to take various measures to bring about reforms step by step in a gradual manner and with due regard for the interests of the central and local authorities. We must also strengthen investigation and research, let our workers and peasants persist in carrying them out, continue to adhere to the principle of centralization and decentralization and first our efforts toward the establishment of a socialist economic administrative system.

INDUSTRY

SALE OF FARM MACHINERY IN 1982 SHOWS INCREASE OVER 1981

Kunming YUNNAN RIBAO in Chinese 27 Feb 83 p 4

[Article by Zhou Yichang [0719 6318 2512]: "Sale of Farm Machinery in 1982 Exceeds That in 1981"]

[Text] After 3 consecutive years of decline, the sale of farm machinery products in our nation started to climb in 1982. According to statistics supplied by the farm machinery departments, the sale of farm machinery throughout the nation in 1982 amounted to over 5.21 billion yuan (not including sets of industrial equipment, exports and sales made by the factories themselves), showing an increase of 3 percent over the figure for 1981.

Aside from the 8 provinces and autonomous regions such as Heilongjiang, Jiangxi and Tibet where natural disasters caused a drop in sales, the sale of farm machinery in all the other 21 provinces, municipalities and autonomous regions in 1982 registered various increases over 1981. Among them, the amount of sales increased by over 10 percent in such provinces, municipalities and autonomous regions as Shanxi, Inner Mongolia, Jiangsu, Anhui, Guangdong, Guizhou, Yunnan, Shaanxi, Qinghai, Ningxia, Xinjiang, Beijing and Shanghai. As for the types of farm machinery sold, the sale of power irrigation machinery, mechanized and semi-mechanized farm tools, maintenance and replacement parts, processing machinery for subsidiary agricultural products, non-agricultural products and seven other major types of products all showed an increase over 1981. As regards specific products, aside from large and medium-scale tractors and combines, the sale of which continued to decline, a considerable increase was registered in the sale of power irrigation machinery, wheelbarrows and such semi-mechanized farm tools as rubber-tired carts and walking tractors. In particular, the sale of walking tractors, which had shown a sharp decline over the years, registered an increase of over 40 percent compared to 1981, while the sale of heavy-duty trucks showed an increase of 22 percent.

Since the 3d Plenum of the 11th CPC Central Committee, reforms have been made in the system of our agricultural economy. The number of production and operations units as well as the amount of loans extended to the communes and brigades for purchasing farm machinery have been cut back. Since 1979, the amount of sales of agricultural machinery products had shown a decline throughout the nation. At the time, there were those who questioned the wisdom of using machinery in view of the size of the population, the limited land available and

and all are finding a living. Since the adoption of the dual responsibility system in the rural areas, however, every family and household has sought to improve its farming. Within 3 short years, vast changes took place in our rural economy as agricultural production came to be developed and the income of the peasants took an upturn. One after another, the peasants raised their own funds to purchase farm machinery either by themselves or in partnership with other peasants. The development of production has been particularly rapid in regions which had been economically undeveloped in previous years. The peasants, caught up with the "small farm tools fever," hastened to buy small, reliable, light and portable, energy-saving and low-priced agricultural machinery. According to statistics, the sale of walking tractors in 1980 in such provinces and regions as Shanxi, Anhui, Shaanxi, Inner Mongolia and Guizhou doubled that of the previous year. At present, the supply of many famous brand products is still insufficient to meet the demand and in certain localities, there are peasants with money waiting to make purchases.

1981

(1981)

INDUSTRY

COMMENTARY ON RECOVERY OF HEAVY INDUSTRIES

Kunming YUNNAN RIBAO in Chinese 27 Feb 83 p 4

[Article by Xu Yaozhong [1776 5069 0022]: "Commentary on the New Situation Presented by the Recovery of Heavy Industries in Our Nation"]

[Text] The production of our heavy industries has recently regained the initiative after having been reduced to playing a passive role for a period of time. In making an analysis of the situation, the economic circles have likened it to what had been said by Lenin: "Although the present phase seems to be a repetition of a phase in the past, it is a repetition of a different kind and of a higher order."

The amount of production in our steel industry showed a drop in 1981. In 1982, however, it rose to the 1980 level of some 37 million tons. From merely looking at the figures, it may seem that 1982 was a repetition of the year 1980. Actually, it was not so, because, although the amount of steel production for both years was 37 million tons, 1.74 million more tons of rolled steel was produced in 1982 than in 1980, and both the types and the amount of quality products which had been awarded gold and silver medals and recognition on the departmental level in 1982 were one and half times the 1980 figures. The amount of profit for products of similar caliber in 1982 also showed an increase of over 600 million yuan. At the same time, 2.5 million fewer tons of pig iron was used as raw material and the reduction in the amount of energy consumption was equivalent to 4 million tons of standard coal. That is to say, the amount of input has been reduced, the amount of production has been increased and economic effectiveness has been raised.

A similar situation applies to many other heavy industries. Taking the automobile industry throughout the nation as an example, production in 1981 dropped to 170,000 from the 1979 figure of 180,000. In 1982, the figure rose to 190,000. This recovery, likewise, is not a simple repetition of 1979. Taking the Liberation trucks as an example, the load capacity of each truck produced in 1979 was 4 tons and fuel consumption came to 7.25 liters for carrying a 1-ton load distance of 100 kilometers. In 1982, the load capacity was increased to 4.5 tons and fuel consumption was reduced to 5.73 liters, so that each vehicle was capable of saving 1 ton of fuel a year. In 1979, the cost of each East Wind vehicle produced by the No 2 Automobile Factory was 20,300 yuan, whereas in 1982, it was reduced to 14,900 yuan.

Whether or not the recovery of the heavy industries is a good thing depends on whether it is in keeping with the needs of society and whether it is in accord with the proportionate and coordinated development of the national economy. Viewed from this angle, the recovery that is being made in the heavy industries in our nation is also not a simple matter of history repeating itself.

Some of the surplus of our heavy industrial products, no longer laboring under the shadow of a dislocation between production and sales, are now being sold at a profit instead of being overstocked. From 1976 to 1980, the amount of stockpile reserve had been increasing by an average of 1.8 million tons per year. In 1981, not only was the supply of new products insufficient to meet the demand, but the amount of supplies held in stock was also reduced by over 20 million tons.

Even though a recovery is being made by the heavy industries, the heavy and light industries continued to maintain a proportionate ratio instead of being unbalanced as in the past.

The recovery of the heavy industries at the present time has, however, not completely solved the shortage of energy and communication and transportation resources. There is a need to continue to readjust the organizational structure of the heavy industries and the structure of their products. The tendency on the part of some enterprises to overlook the importance of technical services, too much emphasis on their products and economic effectiveness seems to be on the rise. Unless measures are taken to deal with these problems, there is the possibility that the old maladies may return to haunt the heavy industries. In the future, we must lead, continue the achievements we have made and find a way to solve the problems which have emerged in order to bring further development to the heavy industries.

INDUSTRY

STATE ENTERPRISES IN SHANXI ADOPT CONTRACT SYSTEM

Taiyuan SHANXI RIBAO in Chinese 8 Feb 83 p 1

[Article by Li Wenjin [2621 2409 6651], Zhang Lianke [1728 6647 4430] and Jia Zhishan [6328 2535 0811]: "Half of the State Enterprises in Shanxi Have Adopted the Contract Economic Responsibility System"]

[Text] Taking a further step in emancipating the mind, the industrial and communications fronts in our province have adopted various types of the contract economic responsibility system, thus putting an end to the long-standing practice of "eating out of a large rice pot." Up to the moment, 528 enterprises, or 53.8 percent of those operated by the province, the regions, the municipalities and counties have signed various types of contracts in line with the economic responsibility system.

At present, our province has, generally speaking, adopted the following forms and measures in implementing the contract economic responsibility system:

First, the Ministry of Finance signs contracts with the Economic Commission, the Economic Commission signs contracts with the concerned bureaus and the concerned bureaus sign contracts with the various enterprises to contract the units for the completion of large scale tasks. Second, the Ministry of Finance holds the Economic Commission responsible and the Economic Commission holds the various enterprises directly responsible for the payment of profits according to the profit contract system. Third, the Ministry of Finance directly signs financial contracts with the concerned bureaus and enterprises for contracting the units for the completion of large scale tasks. Fourth, some of the leadership groups, the responsible departments or the financial departments of the enterprises conclude such contracts with some leadership groups and qualified workers who have joined together in accepting such contracts and some have come forward to accept such contracts with the support of the masses. The main provision is that the base profit is retained, while the amount in excess of the quota is shared; the amount in excess of the profit tax stipulated by the contract is shared; the entire amount of the profit tax, accumulated funds and payment for loans stipulated in the contract for contracting the units for the completion of large scale tasks is retained; contracts for increases in the profit quota; the surpluses or reduced losses according to the contract are retained or shared; the payment of taxes in lieu of the payment of profits; the assumption of sole responsibility for profits and losses; contracts for the progressive increase of profits. In addition, all those

and since when I've created the contract responsibility system, I've directed the workers towards the implementation and perfection of the economic responsibility system within the enterprises and have made a start in a new way for the socialist production of the past and in engaging in a form of socialist production which closely integrates responsibility, power and interest towards the objective of achieving a higher degree of socialist efficiency.

Since the creation of the contract economic responsibility system by a majority of the industrial enterprises and as a result of breaking away from the "big pot" system, "it at the big pot," many industrial enterprises have entered into the process of assuming a new look. Within the period of time between the signing of a contract on 18 December 1982 and 17 January, many enterprises operated by Yichang County have created a situation marked by four trends, four lows and two highs. By eight trends is meant that there are more people who show concern for economic effectiveness and operating efficiency, more people who are concerned with production, more people who are engaged in production with a single mind, more people who take the initiative in solving difficulties, more people who engage in investigation and study, more people who show concern for safety measures in production, more people who work full time and in a diligent manner, and more people who are engaged in the study of the technical aspects of production. By four lows is meant that there are fewer employees in the organizations, fewer people who are paid for doing little work, fewer people who are on the list and fewer people who fail to report for work. By two highs is meant that the enterprises have high efficiency. Since going into production full-time in 1960, the Yangjianshan Ceramics Factory in Singwu County has produced a total of 1.38 million yuan. Since the signing of a contract in 1982, the enterprise soon presented a new look. The workers have shown greater enthusiasm for work. Whereas they used to put in only 100 days a year at the most, more than half of them are now putting in 200 days. The quality of the products has also been greatly improved. Whereas the first grade of the five-plate sets was 40 percent and second grade 60 percent, now the first grade is 100 percent and 100 percent is of the first grade, a 100 percent higher than the former rate.

INDUSTRY

YANTAI COMMUNE ENTERPRISES ADOPT PROFIT CONTRACT SYSTEM

Jinan DAZHONG RIBAO in Chinese 1 Apr 83 p 1

[Article: "Commune Enterprises in Yantai Prefecture Adopt Profit Contract System"]

[Text] All the commune enterprises in Yantai Prefecture have adopted the profit contract responsibility system of contracting the units for the completion of large scale tasks. Out of the 2,812 commune enterprises in the prefecture, 72 percent have adopted this profit contract system by offering bids, while 28 percent have adopted the system by the awarding of contracts. The adoption of this type of responsibility system has exerted a pressure on the cadres, provided an impetus to the workers, invigorated the enterprises and given a new look to both production and the management of operations. From January to February, the commune industrial enterprises realized a profit of 11.56 million yuan, or 11.28 percent over the figure for the same period last year.

Some years ago, aside from the 25 percent of the commune enterprises which had adopted the profit contract responsibility system by contracting the units for the completion of large scale tasks, the "bonus for the completion of assignments" responsibility system was adopted by over 70 percent of the enterprises. Responsibility systems of this type, while serving to heighten the zeal of the cadres and workers and to promote to a certain extent the development of production, had many drawbacks, the most glaring of which were that the contracts were not completely fulfilled, responsibilities were not clearly defined, profits did not go directly to the deserving, the lack of enthusiasm on the part of the workers and the lack of initiative on the part of the enterprises. During the winter season last year, the party committee of the prefecture, through investigation and research into the situation in Qixia County, came up with many eye-opening facts. By adopting the profit contract responsibility system of contracting the units for the completion of large scale tasks by resorting to the method of offering bids, the commune enterprises in this county were able to solve the problem of "eating out of the big pot," to start using "capable people" and to promote the development of production. On 5 January of this year, the party committee convened an on-the-spot meeting in Qixia County of all responsible personnel engaged in work in commune enterprises under the respective jurisdictions of the prefecture, the county and the communes to sum up and to share the experiences gained by Qixia County. Soon after, the party committees at various levels throughout the prefecture, treating the implementation and perfection of the responsibility system in the commune enterprises as

If the party committees, the contractor must set up a team and gradually establish a leadership corps for the enterprises. He must select the best of the offering bids. He is, of course, to be the factory director, assistant director or head of the workshop. The factory director is to be fully responsible for organization. In view of the complex background of the contractors, the party organizations at various levels must, with due respect for the opinions of the contractors, strengthen their leadership and offer assistance in the establishment of a leadership corps. (4) Finding a proper solution to the problem of cadres who fail to be chosen and of the surplus workers. After offering bids for contracts, 456 cadres of the commune enterprises failed to be chosen and some 1,700 workers were rendered surplus in the prefecture. In dealing with these people, the party committees and governments at various levels, instead of shunting them off to the contracted enterprises or the brigades in the rural areas, adopted a variety of measures to make proper arrangements to meet their needs. As for those cadres who have failed to be selected because of their age or their inability to continue to serve on the front line of production, some were made advisers in their original enterprises and others were assigned to jobs which they were capable of performing. As for the surplus workers, most of them were placed in newly established production units. After the signing of a contract, a farm tools factory in the town of Jianshi in Yexian County assigned a branch committee member to take the lead in organizing 20 surplus workers into a service brigade to engage in making needles, running a store, selling tea or boiled water, selling boiled dumplings and repairing instruments and meters. This service brigade is expected to clear a profit of 21,000 yuan this year. Aside from paying the wages of the workers, it will also be able to pay the factory a profit of 5,000 yuan.

Although the profit contract system of contracting the units for the completion of large scale tasks has not been adopted by the commune enterprises in Yantai Prefecture for a long period of time, notable results have already been shown. Particularly worthy of note is the fact that a large number of "knowledgeable people" have assumed leadership positions and the enterprises have been given a shot in the arm. At the same time, the contractors, given the power to exercise their discretion in matters pertaining to production, the management of operations, the deployment of manpower and the sharing of profits, have greatly heightened the sense of responsibility by combining responsibility, power and profit into one organic whole, heightened the enthusiasm of the workers, improved the relations between the cadres and the masses and greatly increased economic effectiveness. All of the 19 enterprises in the Chuan Commune in Wendeng County, which have adopted the contract system of offering bids, have realized a production value of 359,000 yuan in January and February, or an increase of 72.6 percent, and a profit of 34,000 yuan, or 32.7 percent, over the figures for the same period last year. The flour processing workshop of the wood factory in the Dayao Commune in Muping County has realized a net income of 1,300 yuan in January alone, or over twice the amount of 1972, for the entire year of 1973.

'WELL-TO-DO' PEASANTS' NEED FOR MOTOR VEHICLES REPORTED

Xinhua (JIANXIN WENBAO) in Chinese 22 Feb 53 p 1

(Article by) Zhang Shuhua (1728 3219 5478) and Dai Renjie (2071 0084 2634):
"Well-to-do Peasants Form Long Lines at Nanjing Automobile Factory"

(Text) The problem of transportation is becoming more and more acute as the growth of transportation facilities makes itself increasingly felt. Many peasants have experienced "the difficulty of selling grain," "the difficulty of selling oil" and "the difficulty of selling fruits." Li Biru (2401 1801 1122), a chicken breeder in Anhui, needs to ship in 130,000 jin of chicken feed a year. Xie Xilin (6260 4798 0097), a hog breeder in Jiangxi who raises over 100 head of pigs, needs more than 1,000 jin of feed a day. They are all in urgent need of motor vehicles to solve the transportation problem. In the largest production fish farm, a contractor in the suburb of Nanchang, the peasants have to deliver the fresh fish to the city proper. They cannot use wheelbarrows because they are too slow; they cannot use tractors because it is too hard to keep the fish alive, and they cannot hire motor vehicles from the city because the cost is too high. They are all in urgent need of motor vehicles to take their fish to the market.

In the last month period in January, the jointly-operated Nanjing Automobile Company and the Nanjing Automobile Factory joined forces in organizing a team to conduct a survey into the peasants' need for motor vehicles. Wherever it went, it heard cries of "Brother workers, we need to buy motor vehicles!" The desire on the part of the peasants to buy motor vehicles has received the support of the state and the concerned departments and there has emerged a "motor vehicles buying fad." During the Spring Festival alone, the Nanjing Automobile Company received over 160 telegraphic orders for motor vehicles, and all customers have placed further orders for over 300. There is an increased number of peasants who have come from distant places to purchase motor vehicles. From 6 January to 20 February alone, the sales department of the Nanjing Automobile Company sold as many as 421 vehicles, including 145 cars sold to individual peasants and groups of peasants. The factory is now making active preparations to set up training classes to teach peasants driving and automobile maintenance and to organize mobile technical service teams to render further service to its customers in the rural areas.

FOREIGN TRADE

BEGINNING OF A NEW PHASE IN FOREIGN ECONOMIC RELATIONS, TRADE

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 3, 11 Mar 83
pp 11-14

[Article by Shi Lin [4258 2651], Ministry of Foreign Economic Relations and Trade advisor]

[Text] Foreign economic relations and trade are an organic component of our country's national economy, and occupy a major position in the development of the national economy. Comrade Ping [1267] pointed out several years ago that foreign economic work is a strategic problem related to the construction of our country's socialist modernization. Since the 3d Plenary Session of the 11th Party Central Committee, the party Central Committee has clearly pointed out the need to open up to foreign things and to energetically develop foreign economic relations, and has adopted a series of major policy decisions and practical measures, such as expanding import-export trade, continuing to carry out economic and technical cooperation with Third World countries, accepting aid from the United Nations and friendly countries, introducing advanced technology and equipment, recruiting foreign credit and direct investment, running joint Chinese-foreign investment enterprises, energetically developing contract engineering and labor cooperation, carrying out special policies and flexible measures in the two provinces of Guangdong and Fujian, and running experimental special economic zones, enabling our country's foreign economic relations and trade to make significant progress.

In the last 3 years of our country's foreign trade has doubled. By 1981 our country has established trade relations with 174 countries and areas, and total import-export volume had increased 195.6 percent over that of 1978. Of this increase, the export volume had increased 114 percent, an average annual increase of 28.9 percent, and excluding the factor of international market price changes, it had increased an annual average of 16.8 percent. The rate of this increase was faster than both the average annual increase of 9.6 percent in our country's gross volume of industrial and agricultural production in the same period, and the 14.1 percent average annual increase in world export volume. Our country's proportion of the total volume of world exports increased from 1978's 0.75 percent to 1981's 1.06 percent; its position was raised from 32d place to 21st place. Import volume had increased 74.8 percent, an average annual increase of 21.4 percent, and excluding the factor of international market price changes, it had increased an annual average of 14.4 percent.

It can be seen that the potential for mechanical product exports is unusually great. At present, general mechanical equipment import-export companies under the Ministry of Engineering Industry, plus mechanical import-export companies under the Ministry of Economic Relations and Trade and Chinese shipping companies, altogether annually export just over \$800 million worth mechanical products and they are still a weak link in exports. In order to increase mechanical product exports, and must study and expand buyer credit. Third, such traditional goods as agricultural sideline products, local specialty products and light spun industrial products are still a mainstay of our exports, and it is necessary to continue to stress them and to strive to expand their export.

(2) It is necessary to study and determine strategic policies for national differences, area and variety of export goods. Comparatively determine the position in our trade work of countries with trade contacts, and propose national trade difference policies for these countries. Conscientiously carry out the principle of the planned economy as the dominant factor, strengthen the planned guidance of export goods, have overall planning, stress the main points, suit measures to local conditions, and make comprehensive arrangements. All areas and concerned departments, and all companies and enterprises which engage in import-export trade, must energetically strengthen investigation study of international markets and the work of forecasting market prospect. Based on conscientiously analyzing and studying international market requirements, it is necessary to integrate domestic practice, solve future development directions for export goods, orderly analyze export goods as to which goods must be developed, which must be restricted and which must be eliminated, make plans, strengthen planning, reduce blindness, and progressively establish the economic job responsibility system for foreign trade, production, and supply and marketing departments.

(3) Export goods must be successful through quality. In order to expand exports it is necessary to continuously increase the quantity of exports, but there are limits to the ability to newly increase production capacity in the near future, and it is even more important to improve the quality of goods, thereby correspondingly raising selling prices and receiving more foreign exchange. There is great potential in this area. For example in 1980 the volume of our ceramics exports stood first in the world, but their receipt of foreign exchange stood fifth; Japan's single item export prices were over 65 cents and ours were approximately 20 cents, differing by over 300 percent, and besides variety mix and packaging, the major reason was that the quality of their goods was better than ours. If we improve variety quality, honoring of agreements, and post-sale service, the annual foreign exchange income can greatly increase, and the potential is very great. Thus we must regard improving quality as a strategic focal point and conscientiously emphasize it.

(4) Revise national trade differences and energetically open up new markets. In the next few years, besides continuing to carry out policies for established national trade differences it will be necessary to revise current trade with certain countries.

(5) Improve management, administration and economic results. It is necessary to do a better job in balancing imports, sales and reserves, strictly stock goods and check before acceptance, actively handle overstocked goods which cannot be exported, accelerate fund turnover, develop reasonable transportation, strengthen financial management, do a good job of studying international markets, increase income as far as possible, and cut down on expenses.

(6) Change certain customary practices and systems in current foreign trade which don't suit new conditions. Production plans for trade products must be jointly arranged by export departments and the concerned production departments, distribution of products should be comprehensively arranged through export departments, and products should be directly purchased. Production units must place production of export goods on local factory production plans, and change disjointedness in current purchase and production, and unscientific business accounting methods. Give production units some initiative, enabling them to have good prospects of gain, and spur them to continuous innovation and to create new products.

(7) Continue to prop up production bases and special factories for export goods. We have currently established a group of comprehensive bases for goods, production bases for individual goods, and special factories (special mines) for export production, having a significant effect on the development of the production of export goods. In the future it will be necessary to still do a good job of managing existing bases and special factories, to develop "fist" goods and famous brand goods, and to guarantee a steady supply of high-quality products suitable for sale. Bases and special factories can also be jointly managed by economic relations and trade departments and by production departments. When formulating plans for business technological reform, utilizing foreign capital and introducing technology, all areas and departments should integrate such things as production technology and geographical factors of different areas for installation of bases and special factories, and fairly distribute them.

(8) Actively solve problems of transportation and storage. Foreign transportation must serve imports and exports. Current transportation capacity is inadequate, port traffic volume is small, and efficiency is low, having become a major factor affecting the development of foreign economic relations and trade. In solving this problem, besides progressively increasing transportation capacity and accelerating construction of ports, it is also necessary to arouse the enthusiasm of the parties concerned and enliven transportation.

Urgently deal with solving foreign trade storage capacity inadequacies. In the past few years the purchase, sale and reserves of export goods have been continuously increasing, the scope of capital construction and simple construction investments assigned by the state to foreign trade has on the contrary been greatly reduced, foreign trade warehouses have been seriously inadequate, a large quantity of import-export goods has been left outdoors, goods have been damaged, and waste has been serious. For existing warehouses it is necessary to carry out business management, fair fee-collection, and independent accounting, and for provincial, municipal and autonomous region warehouses with single-level management and their subordinate ports, to carry

out profit-sharing so they can buy warehouse machinery and equipment, reform old warehouses, build new ones, and solve problems of the inadequacy of funds to form complete sets.

2. Actively and effectively utilize foreign capital and introduce advanced technology.

Our construction policy is to rely mainly on our own efforts while making external assistance subsidiary. Based on our country's actual needs and possible conditions, attract funds from capitalist countries and areas, and introduce technology, the goals being to accelerate construction of our country's socialist modernization and to strengthen our capacity for self-reliance.

Although gratifying results have been achieved in the use of foreign capital, nevertheless many problems are still encountered in the work. The major ones are ideology not being liberated enough, and a lack of correct understanding. Some comrades regard jointly owned enterprises as foreign, are afraid of people making profits, and are afraid of suffering losses themselves. Thus they are not encouraging but are restrictive. Still other comrades are afraid that running jointly owned enterprises will cause trouble and run risks. Others don't implement laws and policies in setting up joint investment and management enterprises, and haven't made breakthroughs; loans on favorable terms have not been favorable in use, the use of credit by construction units has not been active, and appeal has been lacking. These problems must be solved.

The use of foreign capital and the introduction of technology naturally cannot be unconditional. Therefore in doing this work the first requirement is to have willing and suitable partners, in other words both sides must be willing. The second requirement is to carry out the principle of equality and mutual benefit, enabling the cooperators and us to both acquire reasonable benefits, and permitting foreign merchants to make fair profits. The third requirement is to conscientiously work according to law, to earnestly guarantee the right of initiative to the joint investment enterprises, and to permit them to be managed independently and with the initiative in their own hands according to their own characteristics. In areas such as raw and processed materials, fuel, and power supply as well as in communications and transportation we must also create conditions for good management of joint investment enterprises. The fourth requirement is to relax policies. Have different tax rates for different trades to reflect what we encourage and what we restrict; for industrial and commercial taxes it is necessary to adopt tax rates similar to domestic enterprises, and they must not be higher than in domestic enterprises; domestically-run joint investment enterprise units should be given some profit-sharing advantages so as to arouse the enthusiasm of the enterprises.

3. Energetically develop contract engineering and labor cooperation.

Our labor force is adequate, our basic construction force is large, the production capacity of our machine manufacturing industry is large, and there is a great potential for developing foreign contract engineering and labor cooperation. Judging from already completed projects, the majority are of good quality and have won initial prestige. We must further liberate our thinking, tap

new sources, arouse the enthusiasm of the parties concerned, seek quick profits, and make new breakthroughs.

4. Continue to do a good job in foreign aid work.

To do a good job in foreign aid work is our urgent internationalist duty. Foreign aid work for the past 30 some years has had a major, positive effect on international affairs. In the future it will be necessary to continue to fulfill already signed agreements, and to strive to strengthen the results of economic aid. It is necessary to strengthen management, to have careful calculation and strict budgeting, to use relatively less money and do relatively more work, and to complete duties on schedule and with high quality. In the future it will be necessary to differentiate different conditions of Third World countries, and based on our country's possibilities and the principle of mutual benefit to both sides, to develop a variety of forms of economic and technical cooperation, to spur on export of our country's equipment and material, and to promote the development of foreign contract engineering. Concerned departments and areas must positively be responsible for foreign aid tasks; this is both an urgent internationalist duty and is also a major channel for spurring on our country's industrial exports, and is a most glorious task.

5. Strengthen coordination and management, and further arouse the enthusiasm of the parties concerned.

There are countless ties between foreign economic relations and trade and all branches of the national economy, and it is necessary to arouse and depend on the enthusiasm of the parties concerned in order to be able to do a better job. Moreover, foreign economic relations and trade also faces complex, flexible and changeable international markets, and it is necessary to strengthen coordination and management in order to develop healthily.

In recent years certain foreign trade system reforms have been tried out which have been beneficial in arousing the enthusiasm of the parties concerned, have promoted the development of our country's foreign trade, and there have been important results. Moreover due to a variety of reasons, phenomena have also appeared such as buying which has forced domestic prices up, competitive marketing which has cut foreign prices, and vying for customers and markets. Since 1982, due to changes in the general mood of the party and of society, activity which attacks serious crime in the economic field has developed, coordination and management have also been strengthened, chaotic phenomena have greatly improved, situations which occurred have clearly been reduced, and the scope has changed from major goods to relatively minor goods. On the one hand we must still continue to strengthen management, and on the other intensify investigation and research, and continuously solve newly risen problems.

In a 12th party congress report, Comrade Yaobang has pointed out that foreign economic relations and trade must "unify planning, unify policy, and unite with the foreign," and this is a basic policy guiding foreign economic relations and trade toward being lively and not chaotic. Based on this policy, we must continue to adopt certain effective measures to strengthen management of foreign economic relations and trade.

6. Strengthen investigation and study of international economic intelligence, and establish and expand the commercial intelligence network.

This is a basic item of work, is an important direction in developing foreign economic relations and trade, and must be conscientiously strengthened. Besides the adoption of necessary measures and the conscientious studying of solutions by our economic relations and trade departments, it is hoped that all concerned departments and units will pay attention, and through joint efforts make a concerted effort, enabling this aspect of work to develop, and promoting the development of foreign economic relations and trade.

7. Develop the superiority of coastal areas, and energetically develop foreign economic relations and trade.

First, it is necessary to establish a trade center in each coastal city. Based on different characteristics of each city, it is necessary to produce even more high-grade, precision and advanced goods for foreign trade export, and on the basis of developing domestic resources, it is also necessary to fully use foreign resources, and to raise exports of imported materials processed into finished products to a major position. It is necessary to fully use the two resources, and to develop the effect of the two markets in the coastal areas.

Second, coastal cities must become the forerunners in introducing and adopting new technology. Some time should be spent in making conscientious arrangements for existing factories and enterprises, investigating and analyzing, and searching out disparities; propose the need for different improved technology for different factories, so as to accelerate technological reform and equipment renewal in existing enterprises in coastal cities, and particularly in small and medium scale enterprises.

Third, in coastal cities where industry is flourishing and conditions are superior, it is necessary to actively and boldly use foreign capital. It is necessary to use preferential and long-term credit, to consult with foreign merchants, and to sign good contracts. It is necessary to liberate thinking, to do more investigation and study, to understand the experience of overseas joint investment management, to grasp the opportunities of the overseas economic depression, to seek an outlet for their funds, and to make more contributions to our construction.

Fourth, coastal cities must become bases of foreign contract engineering and labor cooperation. Since the industrial base is solid, the technical force is strong, there are many expert, qualified people, and they also have richly endowed natural conditions and long-term work experience, therefore coastal areas are also completely qualified to establish this case.

Fifth, coastal cities must actively fulfill their internationalist duty, actively be responsible for their foreign aid tasks, and develop science, technology and communications. Coastal areas were responsible for a large amount of duties in past foreign aid work, and the work was outstanding; in the future it will still be necessary to do such things as promote domestic work and

achieve prestige through foreign aid, and to promote contract engineering, labor cooperation, and the export of complete sets of equipment.

Sixth, coastal cities must also be actively responsible for UN projects, train talent for our country through receiving help from the United Nations and friendly countries, and assist in the construction of our modernization.

12267

CSO: 4006/463

LABOR AND WAGES

EXTRACURRICULAR WORK PROBLEMS AIRED

Extracurricular Job Squabble

Kunming YUNNAN RIBAO in Chinese 11 Feb 83 p 1

[Article by Ren Weiguo [0117 5898 0948]: "Is It a Crime To Engage in After-Hours Scientific and Technological Work?--The Vexation of Engineer Wu Zhongqun Who Helped Complete a Design Project"]

[Text] Recently during this reporter's conversation with Wu Zhongqun [0702 6945 5028], an engineer of First Construction and Installation Company of the province, Wu told about the vexation caused by his after-workhour scientific and technical work.

Wu Zhongqun was the winner of the 1981 provincial scientific and technical association's silver award for scientific and technological achievement. He also attended, last year, the national scientific and technical awards meeting. The production line of the "multiple usable arris grooved continuous mill" designed by Wu was a pioneer in the country and has up till now achieved more than 500,000 yuan worth of economic results. At the end of 1979, Second Provincial Construction and Installation Company, on behalf of its party committee, invited Wu Zhongqun to help design a tool to produce steel windows and process special-shaped steel. After the approval of the vice president of his own company and under the condition that he first finish his own job, Wu used more than 2 months of his spare time (and several workdays after entering the final phase of his designing) to complete the design of the plate rolling machine and provided a machine tool for Second Construction and Installation Company's processing plant to produce steel windows.

The plate rolling machine designed by Wu Zhongqun is an invention which has satisfied the needs of production, and is a great help to Second Company's processing plant. It has been estimated that 1) the two machines have processed 800 tons of special-shaped steel, saving 64,000 yuan, compared to processing by outside units; 2) the problem of jobs for 50-60 people is solved, which is a good way of "looking for rice to cook"; 3) the production of steel windows, metal bars and plates has filled two gap in building materials at this time in Yunnan, suiting the social needs; 4) the plate rolling machine has created beneficial conditions for the company's processing plant in its future production expansion and equipment renewal. The company's party committee converted the amount of work Wu did for drawing up 20-30 blueprints of

200 yuan, dividing the sum into 60 workhours and paid Wu and two designing associates 300 yuan of overtime pay. When Wu accepted the assignment he did not expect a reward; he accepted the pay only after the other company explained that this was merely a bit of negligible overtime pay for his spare time work. He received 160 yuan, and the other 2 comrades 20 yuan each. However, in the course of checking criminal activities in economic crime and leaders of Wu's company, its commission for inspection of discipline and order leaders separately talked to Wu Zhongqun, demanding he return the money. Wu immediately paid it back in full to the company's commission for inspection of discipline. But the matter was not finished. Everyone was talking about Wu's and his associates' accepting 200 yuan of pay. Some said, "Accepting extra-pay means greed for money." This brought Wu tremendous invisible pressure and vexation. He said to the reporter, "I did not want the money, and now the money is paid back. I did a good deed, but, in this, I left a bad impression." Recently, the wind of transformation has blown to the grassroots units. Leading comrades of the central authorities' departments concerned have put forward that we must advocate and encourage scientific and technical personnel to engage in spare time scientific and technical work. The reporter made Wu's problem known to the company's leaders, but they insisted in their view. They considered it improper that without his company's approval, Wu had used his unit's working conditions and working time to carry out an outside job. They were of the view that "it is not right to accept money." They further said that the discussions in newspapers to look upon scientific and technical personnel's accepting spare time work and pay" and the speech of Zhao Shouyi (6392 1343 0001), Minister of Labor and Personnel, were right, but they could not deal with the problem on the basis of the newspaper propaganda. The Provincial Industrial Bureau, as the higher authority of First Company, was of the same view, that spare time jobs like Wu Zhongqun's should be delivered to financial administration, and the matter would be handled only after the central authorities' relevant documents were issued to lower levels.

It was also pointed out that there were 5-6 such cases like Wu Zhongqun's in First Machine and Installation Company. There were more within the whole bureau. The problem Wu Zhongqun suffered was not only his personal problem, it had a far-reaching effect on how to enhance the initiative of a group of middle-aged and young scientific and technical personnel of certain standard and contribution.

Commentary: 'Firmly Correct the Problems'

Translated from RENMIN JIAOYU in Chinese 11 Feb 83 p 1

1982. Elderly Wu Zhongqun's vexation caused by his engagement in after-hours scientific and technical work is to certain degree typical. The problem this well-known reflects from an indirect aspect, that the transformation of the scientific and technical front is imperative under the circumstances. Only through a series of reforms can we bring into full play the scientific and technical personnel's potentials, reduce overstaffing and staff waste, and make science and technology better serve the society.

Transformation, being a revolution, will break through some old traditions and old ways that obstruct our progress. In the transformation the leadership's determination and resolution play an important role. Once a problem is identified, they must be determined to correct it. As for problems in need of investigation, they must go down to the reality to study assiduously new situations, solve new problems, sum up new experiences, and establish new orderly ways with the masses, proceeding from actual conditions. Any hesitation and wait-and-see attitude will obstruct the transformation steps and affect the promotion of the masses' initiative.

That, under the conditions of finishing their own job, the scientific and technical personnel engage in part-time jobs and after-hours work and receive some pay from the wealth they create is in accordance with the socialist distribution principle of "to each according to his work." Naturally, regarding details on how to calculate the pay, appropriate procedures need to be worked out based on experiences summed up in practice. However, comparing Wu Zhongqun's and others' 200 yuan of pay to the value they created, we can see that earning for their labor was only a very small proportion, which is beneficial to socialist construction. So why do we not go ahead with it? We must liberate ourselves from the narrow, conservative ideological yoke, support the creative labor of the scientific and technical personnel for the sake of the country's growing and flourishing and the people's prosperity, and let them fully display their talents in opening a new situation of the four modernizations.

Pay Dispute Settled in Worker's Favor

Kunming YUNNAN FIBAO in Chinese 7 Mar 83 p 1

[Article by Ren Weiguo: "Party Committee of Provincial Building Industry Bureau Accepts Criticism and Promptly Corrects Its Mistake--After Hours Pay Returned to Seven Scientific and Technical Staff Members"]

[Text] Commentary: The Provincial Building Industry Bureau's party committee has accepted the party newspaper's criticism and promptly corrected the inappropriate way of handling scientific and technological staff's after hours pay, which has helped mobilize the scientific and technological staff's initiative, helped further implement the party's policy on intellectuals. Units with similar problems can make use for reference.

Things are complicated, especially now in the course of all kinds of reforms, new situations, new problems and new things are constantly emerging. It is not surprising, therefore, that some issues are not understood momentarily and are not properly handled. The important thing is to have the courage to face up to and correct it, when inappropriateness is discovered. Hopefully leaders of all levels will take active attitude, in the course of the present transformation, go down to the grassroots units, immerse themselves among the masses, study the new situations, summarize new experiences, so that various transformations will develop healthily in the direction that they will help construct socialism with Chinese characteristics, help the country grow and flourish and help the people achieve prosperity and happiness.

The Provincial Building Industry Bureau, modestly accepting the criticism, has corrected in an inappropriate way, in the past, its handling the scientific and technical staff members' after hours pay, and has expressed the wish to be the promoter of progress in the reforms.

After it's newspaper carried on 11 February the reporter's letter, "Is it a Crime to Engage in After-Hours Scientific and Technical Work?" with a short commentary, "Firmly Correct Problems Once They are Recognized," the Provincial Building Industry Bureau party committee promptly wrote to our newspaper, stating that the situation reported in the newspaper was true and expressed the wish to accept sincerely the criticism, and would not wait and see, but would promptly solve the problems once they are discovered. They also came to understand that it was wrong to mix up the scientific and technical staff members' after hours pay with economic law cases, which had dampened the scientific and technical personnel's initiative and inventiveness, and was not in conformity with the socialist principle of "from each according to his ability and to each according to his work." Following the speech of Zhao Shouyi, minister of Labor and Personnel, the bureau party committee immediately held a meeting for discussion and investigation, requesting the bureau's commission for inspection of discipline to clear such problems and correct them practically and realistically.

On 20 February, the bureau's commission for inspection of discipline held a meeting with responsible persons of the commission for inspection of discipline of various units, seeking further unity of thinking and understanding, making a distinction between the different natures of taking bribes, demanding recommendation fees, and appropriate income for spare time work. They totally affirmed that it is legitimate for scientific and technical personnel to engage in after hours work, and return the pay formerly collected by them. After the meeting, the members of the bureau's commission for inspection of discipline went down to various units to carry out the pay-returning one by one. First and Third Building and Installation Companies and the scientific research institute responded immediately to the call. Within 3 days they cleared and returned a total of 1,270 yuan of after hours pay earned by Wu Zhongqun, and seven engineering and technical staff members, thus acknowledging their rights to engage in after hours scientific and technical work and receive legitimate income. Prior to this, the research institute of Provincial Building Industry Bureau also took the initiative and returned 330 yuan to Yao Jiaqi (1202 1367 1825), an engineer who used his spare time to design a project for Kunming Re-creating Plant. Since then this measure has been approved by the bureau. In the course of handling this issue, the party committee of the Provincial Building Industry Bureau also put forward active suggestions as how to improve the scientific and technical personnel's engaging in after hours work.

12/05

1981-01-05-1

LABOR AND WAGES

'MARRY A MINER' PROGRAM REPORTED SUCCESSFUL

Beijing GONGREN RIBAO in Chinese 7 Mar 83 p 1

[Article by Liu Yongzheng [0491 3057 0524] and Zhang Xiangwu [1728 4161 2976]:
"'Love Miners and Make Good Matches With Them'--Union Cadres as Go-Betweens--
480 Girls at Hegang Mining Affairs Bureau Married Miners"]

[Text] In the activities of "Love miners and make good matches with them" launched by Hegang Mining Affairs Bureau of Heilongjiang Province, 480 girls have smashed the outmoded notion that "it is not respectable to marry a miner" and happily married miners.

In recent years, the social position of mining workers has been improved, but due to some remaining old-fashioned notions in the society, some girls are still unwilling to marry miners. In order to solve this problem, Hegang Mining Affairs Bureau launched the pursuit for "love miners and make good matches with them." Liu Guiqin [0491 2710 5367], member of the Communist Youth League at the coal quality department of Nanshan Coal Mine, and Yang Qingha [2799 7230 3189], the young shock worker of No. 3 comprehensive mining team of the same mine, fell in love and got married. Some people asked her, "Little Liu, you do a good job and you are pretty, why do you want to marry a miner?" Replied Liu Guiqin firmly, "though young Yang is a miner, he is a person of good character, has been for years elected a shock worker. It is a honor to marry him." Grasping her case, the party branch of the coal quality department carried out propagation and education. A dozen girls in the department married miners one after another.

In the activities of "love miners and make good matches with them," the Bureau union cadres of all levels worked as "go-betweens," and the leading cadres' daughters took the lead in marrying miners, playing a promoting role. Four daughters of Xiao Lianxiang [5618 6647 4385], secretary of the Fuli Mine party committee, married miners with his support, and the fifth is engaged to a miner. Under their influence, girls in many different professions have also married miners.

12200

CSO: 4006/453

TRANSPORTATION

HIGHWAY PASSENGER TRANSPORT PROBLEMS ANALYZED

Shenyang LIAONING RIBAO in Chinese 31 Mar 83 p 2

[Article by Xin Lu [6580 64245]: "Break With Unitary Management, Bring About Prosperous Highway Passenger Transport"]

[Text] Transportation is the weak link of our national economy chain; highway passenger transport is the weak link in the transportation chain. At present, our province's highway transport capacity is insufficient; overstaffing is very common. Some openable routes have not been opened. All this is unsuitable to the needs of economic development and the people's well-being. In order to change the backward situation of highway passenger transport, besides appropriate increase of investment and some vehicle work, we must liberate our thinking, restructure management and control systems and fully enhance potentials in transportation.

1) Under the condition of adhering to state-operated transportation as the leading factor, we must break with the convention of highway passenger transport in single operation, mobilize all kinds of forces to develop highway passenger transport in many forms, levels and channels. We must foster collectively-owned transport enterprises, protect individual transports, change the past practice of not allowing non-transportation departments to participate in transport operation. In the past, state-operated transport enterprises were in sole charge of transportation; because of limited financial and material resources, highway transport was hindered to full development. Many remote areas do not have passenger transport service. In the future, based on the possibility of oil supply and under the centralized leadership of transportation departments, we must allow units, collectives, and individuals to invest in passenger transport or to purchase means of transport, initiating passenger transport. This way, not only we can develop rapidly the enterprise of passenger transport, expand the forces in passenger transport, but also we can reduce state investments, thus killing two birds with one stone.

2) We must break administrative divisions, eliminate man-made separation, organize centralized highway transport in the entire province in the principle of moving towards rationality and making things convenient for the people, and establish a highway transport network, with provincial capital, Shenyang, as the center. The required characteristics of the transport enterprise are:

centralization, rational distribution of routes and coordinated link up. It is also an industry with final products only--It must transport passengers and freight to the destination, only then is the task completed. It cannot have semi-finished products--that is, to shelve passengers and freight halfway. At present, transport is organized by the administrative divisions. Some places dispatch transports in sections with cities as boundaries, cutting unified integrated routes into parts. Many passengers have to get off halfway to transfer or stay at a hotel. It is very inconvenient. From now on, we must break administrative divisions, decide operation and transport routes according to rational flow directions, open passenger service routes which will link up and stretch to and cut across the boundaries. It will be possible for the passengers to reach home with one ticket.

3) Break with the convention of no regular bus service on highways running parallel to railways, implement the separation of highways from railways. At present, our province's railway transport is in very great demand. The pressure on railway departments is very great. In the past, when the railway transport was not in great demand, the state would consider the division of work between railway and highway, requiring those highway routes not running parallel to railways to open up regular passenger bus service. Now the situation has changed, transportation work has changed correspondingly: regular bus service is allowed on highways running parallel to railways. Regular bus services should be recommended especially in sections where the railway traffic is very intensive. This way, highways will share the railway transport volume, help to ease up pressures on the railway and convenience the people. Buses are not restricted by rail; they are more flexible and convenient, can come and go any time, therefore, can greatly increase the number of runs. Economically, while in railway transportation the transport capacity used in accommodating one person is equal to that for 1 ton of freight, in highway transport 1 ton of freight transport is equal to capacity for 10 passengers' transport. And in many districts and sections ticket prices of passenger transport are the same as, or even slightly lower than, the railway's.

4) Wipe out bureaucratic trade practices, make passenger transport come alive, change one-sweep rules and regulations to suit various transport needs of the masses. In the light of the situation of the present unitary kind of vehicles, we must, from now on, increase a small portion of minibuses and tourist buses in accordance with road conditions and different passenger needs. In addition to regular bus service, we can increase or reduce any time the number of runs, according to the passenger flow. In rural areas without convenient transport, we may consider shortening the distances of bus stops, and the buses should stop at beckoning. To satisfy the needs of those peasants who carry small amount of agricultural and sideline products, we must also manage small carrier transport.

12200

CSO: 4006/446

TRANSPORTATION

ROAD REPAIR IN ZHEJIANG REPORTED

Ningbo ZHEJIANG RIBAO in Chinese 9 Jan 83 p 2

[Article by Zhili [0037 4539] and Feifei [7378 7378]: "To Satisfy the Needs of Industrial and Agricultural Development, Departments of Transportation in our Province Strengthen Highway Maintenance and Transformation, and Increase Capacity for Vehicle Passage--Other Active Measures Have Been Made Regarding Communal Highways To Increase the Ratio of Good Roads and Promote Transport Production"]

[Text] Our province's departments in charge of highways have strengthened maintenance and transformation of the present highways and increased the capacity for vehicle passage.

Since last year the highway situation in our province has improved. By the end of November the average rate of our province's professionally maintained good highways had a 3.8 percent increase compared to the actual level at the end of 1981. Substandard arterial highway roads decreased by 63 percent. High quality and second high quality road surface increased 7.3 percent. The situation of some highway sections being subject to seasonal vicious cycles has improved after repairing and maintenance. Some uprooted roadbeds have been restored, and the roads have been widened. By exploiting the potential of the present highways, the capacity for vehicle passage has been increased, creating beneficial conditions for the development of transport production.

In the past, there was always a tendency of emphasis on building and neglect of maintenance in highway construction. Some highways suffered severe damage due to careless maintenance and repairing. In every rainy season, the road situation had a sharp decline. Several main highway sections were full of potholes, making the driving difficult and reducing the capacity for vehicle passage. To change the situation, the province's departments in charge placed the priority on the maintenance and transformation of the highway roads. First, emphasis was put on the maintenance, repairing and transformation of 17 main highway roads with concentrated traffic and important roles. Investments in priority maintenance were increased by 2 million yuan. The deteriorated road sections were separately dealt with one by one; thorough repairs were done according to the technical needs. Parts of the roadbeds were dug up a few years ago and used as farmland, so the roadbeds were narrow, making it difficult to pass

through. In recent years efforts have been made to recover the highway roads. As of now, 2,400 kilometers have been recovered. In addition, 2,548 kilometers of high quality and second high quality asphalt, cement and stone road surface have been rebuilt. Meantime, priority was put on solving some "bottleneck" junctures of city exit and entrance roads. For example, on the highway from Hangzhou to the neighboring provinces and cities, three junctures have been opened up by widening and rebuilding the roads from Hangzhou to Hangyang, from Gutang to Liuxia, and from Shentangwan to Shangtanghe. With the increase of vehicle turnover rate, 790,000 yuan of transport cost and 1.19 million liters of gasoline can be saved each year.

In addition to the specialized maintenance of arterial highways, the responsible departments have also taken active steps to deal with county and commune roads. In the past, after some county and commune roads were built, no one was in charge, so there was no maintenance, no repairs. Buses could not pass through. Last year the province began managing highways by grade. Maintenance is to be done by local people by contract, with the cost to be decided by the road quality and traffic. The implementation of this measure has played a great role in consolidating and improving county and commune roads. For example, in Jinhua Prefecture, the good road rate of county and commune roads has increased about 10 percent in 2 years. In Hangzhou, after implementation of this method, within only half year, the good highway has increased 6.6 percent.

12200

CSO: 4006/446

TRANSPORTATION

'RENMIN RIBAO' ON NEW RAILROADS PLANNED

Beijing RENMIN RIBAO in Chinese 22 Mar 83 p 1

[Article: "Which New Railroads Are To Be Built This Year in Our Country?-- Responsible Members in Ministry of Railways Reveal That Investment in Railways Has Increased 30 Percent"]

[Text] This year, China's total investment in new railroads and operating lines has increased about 30 percent as compared to last year. Design assignments have nearly doubled. The scope of railway capital construction will greatly increase year after year. Responsible persons at the General Bureau of Capital Construction, Ministry of Railways, have revealed the news to this newspaper's reporters.

This year, newly constructed railways and railways in continued construction are mainly as follows: Beijing-Qinhuangdao, Xinxiang-Heze, Fuyang-Huainan, Sanshui-Maoming, Meijiaping-Qilizhen, Daye-Shahejie, Nanning-Fangcheng, Wangan (Anhui-Jiangxi), Handan-Changzhi, Houma-Xian, and Zhicheng-Liuzhou (winding up), Fulitun-Qiangjin (remainder of its final phase), Hushan branch line, Jiujiang Bridge, etc. with a total of 252 kilometers to be completed as planned.

New multiple track projects are: Beijing-Guangzhou line (section from Hengyang to Guangzhou), Beijing-Baotou, Xinxiang-Jiaozuo, Taiyuan-Jiaozuo, Nanxiang-Hejiawan, Jiaozhou-Jinan, Huainan, (Tian)jin-Pu(kou), Shanghai-Nanjing, Shanghai-Hangzhou, Zhejiang-Jiangxi, Binzhou and final phase projects of multiple tracks of Gansu-Qinghai, Shijiazhuang-Dezhou, Shenyang-Dandong, with a total of 209 kilometers planned to be completed.

The railway lines to be electrified are as follows: Beijing-Baotou, Beitongpu, Xiangfan-Chongqing, Chengdu-Chongqing, Taiyuan-Jiaozuo, Hunan-Guizhou, Guiyang-Kunming, Shijiazhuang-Taiyuan (support projects), Baoji to Lanzhou on Gansu-Qinghai line, and Luoyang to Sanmenxia, with 695 kilometers to be completed as planned.

In addition, there are railway center projects in Shenyang, Tianjin, Beijing, Shijiazhuang, Zhengzhou, Xuzhou, Wuhu-Yuxikou, and restructured pressed fuel railways on Hai-La and Beijing-Shanhaiguan lines.

12200

CSO: 4006/446

TRANSPORTATION

JIEFANG TRUCK MODIFICATION FOR HIGH ALTITUDE USE REPORTED

Kunming YUNNAN RIBAO in Chinese 9 Mar 83 p 1

[Article by Qin Yuhan [4440 3768 3352]: "Liu Wei etc. Cured JF Truck's 'Plateau Allergy'--20,000 Trucks Modified and 10 Million Yuan Worth Gasoline Saved in the Province"]

[Text] Liu Wei [0491 0251], associate chief engineer of Provincial Transportation Department and director of Institute of Communications Science, together with a middle-aged engineer, Li Chunquan [2621 2504 3123] and other members of a task force, spent 12 years of hard and quiet research from beginning to end, working on improvement of the engine power of Jiefang (JF) trucks and economizing gasoline and has finally cured the "plateau allergy," and achieved distinct economic results. Up to the end of last year, more than 26,200 trucks had been modified in the province, and a grand total of 20,000 tons of gasoline valued at 14 million yuan had been saved.

Yunnan is situated on plateau, with the majority of highways built among its vast mountains with numerous slopes, curves and great gradients. Sometimes the slopes stretch from ten to tens of kilometers. The motor vehicle transport rate is low, consumption of gasoline is great, and the cost is high. After a brand new JF truck is run for a short time, its engine and transmission will show severe damage. Starting 1959, Liu Wei, then a technical section head at the Provincial Transportation Bureau, took the lead in researching and diagnosing JF trucks' "plateau allergy." Many times he was on the road with JF trucks, conducting extensive investigation on the road surface and cars in motion. This winter he set out from Zhenyi and arrived in Guangyang, spending more than one week back and forth to find out in a modest way, from the driver, the related situations and to survey the road surface. Every time when the truck climbed a hill slope, he made detailed record of the weather, the gradient, the number of use of each gear, the consumption of gasoline, etc. Consequently, he discovered that as JF trucks get to Yunnan's mountain areas, the height above sea level increases, atmospheric pressure and temperature gradually drop, the air becomes thin containing low oxygen, thus the engine power weakens. Naturally this situation and, in addition, unchecked hauling damaged the trucks. Returning to Kunming, Liu Wei negotiated with Kunming Engineering School and sent the engine to its heat laboratory. After 2 months repeated testing and calculating, it was proved that JF trucks' driving power in Yunnan

was 25 percent lower than the originally designed capability; the speed was 50 percent slower; but the gasoline consumption was over 10 percent higher. After having determined the problems, he started out to carry out partial technical restructuring of the engine, using the method of increasing compression ratio to improve the engine's dynamic and economic characteristics. After the preliminary results of his scientific research, the chief responsible persons at the Provincial Transportation Department organized the cadres and technicians of departmental organizations in charge of production to undergo technical training, conscientiously promoting the popularization of this technical achievement. In 1964, trucks in specialized transport operation were mostly operated with one truck-one trailer method. By 1965, gasoline consumption had a distinct drop. In 1974, the provincial Institute of Communications Science formed a task force team, headed by the middle-aged engineer Li Chunquan, to enforce the work. Liu Wei was responsible for overall guidance and participated in the work. With the great support of central truck transport stations and factories concerned, after nearly 5 years arduous effort, the compression ratio was further increased on the basis of what had been achieved, and a series of other technical measures was implemented; the power of JF trucks had a 30 percent improvement compared to the original engine, and gasoline consumption dropped 26 percent. Transport with trailers has been successfully implemented in Yunnan plateau and mountain areas, thus having greatly increased transport efficiency, reduced transport cost and saved a great amount of gasoline. This achievement has won awards, one after another, at the National Scientific Conference, the Scientific and Technical Conference of Ministry of Communications, and Yunnan Provincial Scientific and Technical Achievement Meeting. It is being conscientiously spread.

12200

CSO: 1696/446

TRANSPORTATION

SHANGHAI CONTAINER DOCK COMPLETED

Lanzhou GANSU RIBAO in Chinese 16 Feb 83 p 2

[Article by Feng Yizhen [7458 0076 3791]: "First Phase Project of Shanghai Harbor's Container Dock is Completed Ahead of Schedule and Put Into Operation"]

[Text] The first phase project of Shanghai Harbor's container dock was carried out under an investment-contract system. It was completed 3 months ahead of schedule and has been formally put into operation.

Shanghai container dock, situated in Wusong Port, is one of the state's priority construction projects. It is designed to have the capacity of handling up to 200,000 standard containers of cargo a year. The whole project will be completed at the end of 1985.

The first phase project now completed and in operation includes two berths, 38,000 square meters of storage and corresponding water and electricity installations.

The Third Bureau of Navigational Engineering, Ministry of Communications, signed a project-contract with Shanghai Harbor which was in full charge of investment, cost, construction, headline and project quality, taking responsibility for gains and losses and with stipulation for penalty in case of postponement of the project. The construction workers' enthusiasm was aroused and the first phase project was completed 3 months ahead of time and in excellent quality. The cost was lower than originally budgeted, thus more than 2 million yuan of investment fund in state capital construction has been saved.

12200

CSO: 4006/446

TRANSPORTATION

BRIEFS

NEW RIVER ROUTE--Yesterday, on the Chongqing-Shanghai river route, a freighter group--'Renmin No. 33' tugboat--returned from Shanghai to Chongqing. Since the opening of the new river route in February, three groups have already made the trip one after another, between Shanghai and Chongqing, and have transported a total of 12,000 tons of material resources from Sichuan. The opening of Chongqing-Shanghai through route was one of important measures taken by departments and affiliated organizations in charge of Chang Jiang [Yangtze] river transport, to break many years' system of controlling transport by section and to restructure the management. [Text] [Shanghai WENWEI BAO in Chinese 23 Mar 83 p 1] 12200

CSO: 4006/446

BALANCE OF SINO-JAPANESE TRADE FAVORS CHINA FOR TWO CONSECUTIVE YEARS

Hong Kong WEN WEI PO in Chinese 19 Mar 83 p 7

[Text] In recent years the relative shares of Sino-Japanese bilateral trade have gradually become closer, the proportion of China's exported industrial raw materials in 1982 rose to over 60 percent, and crude oil and petroleum products have exceeded one half of this. China has had a favorable balance in bilateral trade for 2 consecutive years, causing the total volume of the past 10 year's trade deficit to be reduced to \$750 million.

In the past 10 years the Chinese side in Sino-Japanese bilateral trade has continuously had an unfavorable balance, and the aforementioned situation was only reversed in 1981. The major reason is that the relatively high output value of the industrial products China has devoted herself to exporting to Japan has changed the composition of export merchandise. A relatively successful example of this is in the export of crude oil and petroleum products. In the entire year of 1982 China exported 10 million tons of crude oil to Japan (the same as in 1981), and petroleum products increased 40 percent. Other mineral fuel exports also increased, coke increasing from the 1.14 million tons of a few years ago to 1.31 million tons, and common fuel coal increasing from 1.2 million tons to 1.54 million tons.

Up to the present the major components of Chinese products exported to Japan have been mineral fuels such as petroleum, fiber products and food products. The former two constitute approximately 65 percent, thereby reversing the unfavorable conditions of the proportion of traffic in agricultural products being too high. Among exports of light industrial products, China has paid attention to improving quality and ornamentation, striving to develop high-grade products. Through a series of measures China has finally successfully changed an unfavorable balance of Sino-Japanese trade into a favorable one.

Adapting herself to the needs of modernization, China has worked to import from Japan a large quantity of industrial raw materials and equipment. Products are composed of four classes, i.e. iron steel, machinery, industrial chemicals and chemical fibers, altogether constituting 90 percent of the total volume of trade.

In 1982 Japan exported to China 2.94 million tons of iron and steel, and among them special types of steel products constituted 120,000 tons. The proportion

of iron and steel in Japanese-Chinese trade has increased to 37 percent, the highest level in history; but the quantity still hasn't reached 1980's 3.35 million tons.

Due to a public revision China has restricted imports of whole sets of equipment, causing the proportion of machine products (including factory equipment and durable consumer goods) imported from Japan in 1982 to decrease from 1981's 12 percent to last year's 30 percent. The decrease in electrical machinery product is notable. But there was an increase in internal-combustion engines, agricultural machinery, electric welding machinery and television kinescopes. Commercial instrument imports reached a high of 57 percent, the highest in 1982 being in trains and large-scale buses.

Except for a decrease in chemical fertilizer, the absolute value of industrial chemicals which Japan imports to China has maintained the 1981 level, and the proportion is similar.

Chemical fiber products are reported to have decreased 44 percent, declining to the 1980 import level.

With Sino-Japanese trade situation has tended to be bright and clear, China has devoted herself to developing industrial product exports. Japan has also sent to China good exports of industrial raw materials and equipment, and since China lacks natural resources, in next year's trade China also naturally will export petroleum products. This year there has been a decrease in world oil prices, and along with the great flow of price reductions, China can improve its competitive ability. Whether the difficulties which have arisen in Sino-China textile trade agreements will cause China to change and expand textile product exports to Japan, and to change the composition of its trade, has become an unknown element. Since China's present exchange reserve is nearly \$10 billion, the Ministry of Foreign Trade has decided to greatly increase imports, and thus it can be predicted that China's favorable balance of trade will continue to expand.

Sino-Japanese trade figures for 1977 to 1982

	China's imports	China's exports	total trade volume
January 1977	1,938,643	1,546,902	3,480,545
Jan-Dec 1978	3,048,748	2,030,292	5,079,040
Jan-Dec 1979	3,698,670	2,954,781	6,653,451
Jan-Dec 1980	5,078,335	4,323,374	9,401,709
Jan-Dec 1981	5,097,189	5,291,800	10,388,989
Jan-Dec 1982	5,510,825	5,352,417	8,863,242

(Data source: International Trade Report) Unit: \$1,000

1290

1300-1399-427

JAPANESE MERCHANTS ACTIVELY PARTICIPATE IN DEVELOPING SHENZHEN SPECIAL ZONE

Hong Kong WEN WEI PO in Chinese 22 Mar 83 p 7

[Article by Staff Reporter Cai Jianmin [5591 0256 3046]]

[Text] The Shenzhen special economic zone has been developing for over 3 years, foreign economic activity has become more and more frequent, and the majority of businessmen who previously came to Shenzhen to invest in setting up factories and opening businesses have been from the Hong Kong-Macao area, but beginning in the latter half of last year there has been a marked change in the foreign economic work of the Shenzhen special zone, and over half of the more than 1,000 visitors who have come to Shenzhen to sightsee, visit, investigate, and make business arrangements have been foreigners. This figure reflects that the Shenzhen special zone can not only attract the investment of traveling traders from Hong Kong and Macao, but that its international appeal is progressively expanding.

Although the ratio of Japanese investment organizations is fairly small among foreign investment businesses in Shenzhen, nevertheless the interest produced by Japanese investment organizations in the Shenzhen special zone is gradually increasing. On 1 March, two Japanese investment organizations engaged in trade activity in Shenzhen on the same day: In the morning a subsidiary body in Hong Kong of the Japanese North Sea Lanes Development Bank opened an office in Shenzhen, and in the evening a famous old-line business, the Three Pit Mine and Shenzhen Special Economic Zone Development Company and a Japanese-Hong Kong joint investment company held a ceremony for signing agreement documents for a jointly managed "Shenzhen Cement Company Limited." Judging from the coincidence of two different types of Japanese investment organizations developing trade activity in the Shenzhen special zone, Japanese investment organizations in the future will occupy a major position in finance and mining businesses there.

At the end of last year through arrangements by its Hong Kong full investment subsidiary organization Development Bank International (Asian) Company Limited, the Japanese Development Bank organized a 50 plus person Guangdong Province special economic zone inspection group to sightsee and visit the two special economic zones of Shenzhen and Zhuhai, and the members of the inspection group included Japanese bankers, high level responsible people of mining businesses,

representatives of Japanese investment organizations stationed in China and Hong Kong, and also North Sea Lanes News Agency reporters and Current Events News Agency reporters stationed in Hong Kong. Since this inspection group finished its inspection activity and returned to Japan, it has made a definite positive report in Japan and especially in journalistic circles of the North Sea Lanes area. The Changchuankoujia subsidiary bank of the Japanese North Sea Lanes Development Bank has indicated that this inspection group's activity has further deepened the understanding of the North Sea Lanes organization for the special economic zones, and although to the present there still haven't been specific agreements signed with Shenzhen, nevertheless what is definite is that there has been contact between the two sides, and that in the future the bank will still continue to organize similar inspection groups to carry out activities in the special economic zones, to promote understanding of the special zones by investors of Japanese business circles and other areas, and to lay a foundation for them to invest in the special zones in the future.

Cooperative relations developed rather early between China and the Japanese Three Pit Mine Individual Style Society, one of the stockholders in the Shenzhen Cement Company Limited, and through the business of Datong Coal, the development of the Four Pits, and the establishment of the Stone Mortar location, the jointly operated Shenzhen Cement Company has further established deep relations. Representatives from the Japanese side have indicated that agreements have been signed with the Shenzhen Cement Company Limited for 25 years, but it is hoped that cooperation over the long-term will exceed the 25-year period.

Based on disclosures of the parties concerned, Shenzhen is developing basic construction, cement consumption is fairly large, last year approximately 490,000 tons of cement were used, and it is estimated that 700,000 tons will be needed this year and 1 to 1.5 million tons by 1985; 100,000 tons of the cement used in Shenzhen at present are supplied by the state, the rest of the problem must be solved by Shenzhen and Shenzhen can solve 50 percent of it, but the rest must still be imported and it is believed that after this cement factory is put into production it will inevitably greatly solve Shenzhen's cement supply and demand problems. This cement factory clearly shows that taking foreign and cooperative investment businesses as its major supply targets, it will strive to sell its products partially on domestic markets and partially abroad. The establishment of this cement factory will introduce a large volume of Japanese machinery, equipment and advanced technology, and will clearly promote the course of development of the Shenzhen special zone.

How do the Japanese investment businesses regard the special zones? As director of the Development Bank, Mr Fu Tianyang [1381 3944 7122] has indicated, they think that the special economic zones are a concentrated manifestation of China's new economic policy. Through long-term study they feel that the special zones are a newly emerging force in China's economic development. This force will not only create abundant material wealth in South China, but will also promote economic prosperity in neighboring areas such as Hong Kong, and will open up a new road of economic development for China. It boldly introduces international capital and experience, integrates China's special conditions such as manpower, markets and natural resources, promotes the economy with forms of joint Chinese-foreign investment or operation, and the scope is

unprecedented. He also thinks that even though many problems still exist in the construction of the special economic zones at present, they are all difficulties which inevitably exist in the process of any economic development.

It is demonstrated by the various above-mentioned specific examples that the development of economic activity by Japanese investment businesses in the Shenzhen special economic zone is at present only beginning, and although Japanese investment businesses have a cautious attitude toward investments, there will certainly be even more of them in the future which will come to the Shenzhen special zone. It is also to be remembered that most of the Japanese merchant members of the special zone investigation group have indicated that after basic construction is completed in the Shenzhen special economic zone, there will be a strong attraction for foreign merchants. Moreover the interest of Japanese investment businesses is fairly pronounced toward the Shenzhen special zone, but there is even more interest felt toward China's interior markets, and this is also an element in attracting them to come and invest. They think they will first come to invest in South China's special zones, using the Shenzhen special zone as a springboard for instance, and then progressively develop China's interior markets.

12267

CSO: 4006/415

END

END OF

FICHE

DATE FILMED

June 22, 1983